

**DEPARTMENT OF TRANSPORTATION AND  
RELATED AGENCIES APPROPRIATIONS  
FOR FISCAL YEAR 1988**

---

**HEARINGS**

BEFORE A

**SUBCOMMITTEE OF THE  
COMMITTEE ON APPROPRIATIONS  
UNITED STATES SENATE**

ONE HUNDREDTH CONGRESS

FIRST SESSION

ON

**H.R. 2890**

AN ACT MAKING APPROPRIATIONS FOR THE DEPARTMENT OF TRANSPORTATION AND RELATED AGENCIES FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 1988, AND FOR OTHER PURPOSES

---

**PART 3 (Pages 1-411)**

**NONDEPARTMENTAL WITNESSES**

---

Printed for the use of the Committee on Appropriations



U.S. GOVERNMENT PRINTING OFFICE

WASHINGTON : 1988

80-785 O

---

For sale by the Superintendent of Documents, Congressional Sales Office  
U.S. Government Printing Office, Washington, DC 20402

5181-9

## COMMITTEE ON APPROPRIATIONS

JOHN C. STENNIS, Mississippi, *Chairman*

ROBERT C. BYRD, West Virginia  
WILLIAM PROXMIRE, Wisconsin  
DANIEL K. INOUE, Hawaii  
ERNEST F. HOLLINGS, South Carolina  
LAWTON CHILES, Florida  
J. BENNETT JOHNSTON, Louisiana  
QUENTIN N. BURDICK, North Dakota  
PATRICK J. LEAHY, Vermont  
JIM SASSER, Tennessee  
DENNIS DECONCINI, Arizona  
DALE BUMPERS, Arkansas  
FRANK R. LAUTENBERG, New Jersey  
TOM HARKIN, Iowa  
BARBARA A. MIKULSKI, Maryland  
HARRY REID, Nevada

MARK O. HATFIELD, Oregon  
TED STEVENS, Alaska  
LOWELL P. WEICKER, JR., Connecticut  
JAMES A. MCCLURE, Idaho  
JAKE GARN, Utah  
THAD COCHRAN, Mississippi  
ROBERT W. KASTEN, JR., Wisconsin  
ALFONSE M. D'AMATO, New York  
WARREN RUDMAN, New Hampshire  
ARLEN SPECTER, Pennsylvania  
PETE V. DOMENICI, New Mexico  
CHARLES E. GRASSLEY, Iowa  
DON NICKLES, Oklahoma

---

FRANCIS J. SULLIVAN, *Staff Director*

MARY A. SHIELDS, *Chief Clerk*

J. KEITH KENNEDY, *Minority Staff Director*

---

## SUBCOMMITTEE ON TRANSPORTATION AND RELATED AGENCIES

FRANK R. LAUTENBERG, New Jersey, *Chairman*

JOHN C. STENNIS, Mississippi  
ROBERT C. BYRD, West Virginia  
LAWTON CHILES, Florida  
TOM HARKIN, Iowa

ALFONSE M. D'AMATO, New York  
THAD COCHRAN, Mississippi  
ROBERT W. KASTEN, JR., Wisconsin  
LOWELL P. WEICKER, JR., Connecticut  
MARK O. HATFIELD, Oregon  
*ex officio*

### *Professional Staff*

JERRY L. BONHAM  
PATRICK J. MCCANN  
ANNE M. MIANO (Minority)

### *Administrative Support*

VERONICA J. QUEEN



## CONTENTS

---

WEDNESDAY, MAY 13, 1987

|                              | Page |
|------------------------------|------|
| Congressional witnesses..... | 1    |
| Submitted material.....      | 6    |

THURSDAY, MAY 14, 1987

|                                |     |
|--------------------------------|-----|
| Nondepartmental witnesses..... | 135 |
|--------------------------------|-----|

(III)

# DEPARTMENT OF TRANSPORTATION AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1988

WEDNESDAY, MAY 13, 1987

U.S. SENATE,  
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,  
*Washington, DC.*

The subcommittee met at 10:08 a.m., in room SD-138, Dirksen Senate Office Building, Hon. Tom Harkin presiding.

Present: Senator Harkin (presiding).

## CONGRESSIONAL WITNESSES

### SUBCOMMITTEE PROCEDURE.

Senator HARKIN. The Subcommittee on Transportation will come to order.

This is the first of 2 days of hearings with public and congressional witnesses. We have been forced, owing to the number of witnesses who wish to appear, to place a 5-minute time limit on each presentation. So, oral summaries should be kept as brief as possible. All prepared statements, of course, will be incorporated in the record in their entirety.

Although we have to operate under this tight time constraint, I want to emphasize the importance of these hearings to the subcommittee's deliberations. Nondepartmental witnesses bring a perspective to the issues we must face which I believe is critical to sound policy making. So, we are indebted to the witnesses we are going to be hearing today and tomorrow for taking the time to put their views on the record.

I am pleased to have my two distinguished colleagues from Missouri, Senator Danforth and Senator Bond, as our leadoff witnesses today. I also want to say that the chairman was unavoidably absent because he is at another event that was long-time scheduled, and he should be here I hope momentarily. But in his place, I want to welcome both of you to the Subcommittee on Transportation and to let you know we just have a 15-minute rollcall vote in place right now.

How do you want to proceed, Jack?

Senator DANFORTH. Mr. Chairman, why don't we do our thing? I think it will take about 10 minutes.

Senator HARKIN. Then we can just go vote and I can recess then. OK?

Senator DANFORTH. If that's all right with you.

Senator HARKIN. That would be great.

STATEMENT OF HON. JOHN C. DANFORTH, U.S. SENATOR FROM MISSOURI

ACCOMPANIED BY LES STERMAN, EXECUTIVE DIRECTOR, EAST-WEST GATEWAY COORDINATING COUNCIL

Senator DANFORTH. Well, Mr. Chairman, first, let me introduce Les Sterman who is the executive director of the East-West Gateway Coordinating Council, which is an organization involving both Illinois and Missouri.

I think it is important to realize that this project is supported by the entire senatorial delegation from Illinois and Missouri. This committee has been very supportive of it in the past. What it is is a light rail system which links St. Louis County, the city of St. Louis, and Illinois. It is really done on the cheap. The entire cost of the project is about \$250 million. It has never exceeded the estimated cost. The local commitments are absolutely solid. The \$100 million, which we would ask for in this appropriation, would allow the project to move beyond the halfway point. The money would be used for construction. And I think that that's important to point out.

The exciting thing about this project is that it uses existing structures. It uses a combination of an existing bridge over the Mississippi River and abandoned railroad tunnels in order to create a mass transit system. Where else, Mr. Chairman, can you get a mass transit system for \$250 million?

So, what we would hope for is \$100 million this year. That money, I am told—all of it—would be used for actual construction.

I will now yield to my colleague, and Mr. Sterman is here for any questions that you might have to ask. I have a short statement which I would like included in the record.

Senator HARKIN. It will be included its entirety, Senator Danforth.

[The statement follows:]

STATEMENT OF SENATOR JOHN C. DANFORTH

Mr. Chairman and members of the subcommittee, thank you for this opportunity to testify in support of Metro Link, the proposed St. Louis light rail system.

I have shared my enthusiasm for Metro Link with the subcommittee in the past, and I am pleased to tell you that the project looks better with each passing day. In fact, the project not only stands scrutiny, but revels in it. We hope you will agree and continue to support St. Louis's efforts with a \$100 million appropriation in fiscal year 1988.

Metro Link's needs are greater than in previous years since St. Louis officials are now ready to proceed with final design and construction. I have been assured that these funds can be committed next year to construction, rather than planning or design.

Thanks to your support, Metro Link has come a long way very quickly. Still, further support must be earned, and the project does just that. Preliminary engineering began in July 1985 and has been completed more quickly than UMTA said it could be done

and at half the cost. Project cost has not increased above the \$250 million estimated at the conclusion of alternatives analysis, and there have been no cutbacks in the system or its service. The planners of Metro Link have made commitments and kept them.

There is no question that light rail makes sense in the St. Louis area. Planners have clearly demonstrated that an integrated light rail and bus system will attract more riders than a bus system alone. Local financial commitments are strong. For example, St. Louis has had a dedicated sales tax for public transit since 1973, and it now generates more than \$50 million a year. Finally, the light rail concept allows use of existing assets that might otherwise go unused, making the project extraordinarily quick and inexpensive to complete.

Virtually all segments of the community have endorsed light rail for St. Louis, including state and local governments, the region's Council of Governments, our local transit operator, and numerous civic and neighborhood organizations. There is a new Spirit of St. Louis—a recognition in all parts of the region, Illinois and Missouri alike, that opportunities await. Metro Link is part of that Spirit.

#### STATEMENT OF HON. CHRISTOPHER S. BOND, U.S. SENATOR FROM MISSOURI

Senator HARKIN. Senator Bond?

Senator BOND. Thank you, Mr. Chairman. We thank you for the opportunity to come before the subcommittee to talk about a project that is very important to the St. Louis region and that, of course, is the proposed Metro Link light rail system.

Metro Link represents a major opportunity, both for the St. Louis region and for the federal government, to demonstrate that effective rail transit can be provided at low cost and at minimum risk to taxpayers.

The project makes use of existing railroad properties, which would cost hundreds of millions of dollars if built from scratch. This approach of using existing infrastructure accomplishes five objectives of national and local importance.

First, it reduces the construction cost to \$14 million per mile, a small fraction of the cost of other major new rail starts.

Second, it reduces the risk of cost overruns because there is little or no property acquisition, relocation, new tunneling or major new structures. Even the maintenance facility is in place.

Third, it causes little or no environmental disruption even in the downtown area. There will be no displacements, no disruption of downtown businesses.

Fourth, it dramatically reduces the duration of construction so that the risk of inflating costs diminishes.

Fifth, it gives new life to an historic landmark of national importance and that, of course, is the Eads Bridge to which Senator Danforth referred.

There are other benefits of the light rail project as well. We believe it will spur economic development in the areas around the station and throughout the transportation corridor. The local and federal investment will stimulate the increased private investment resulting in a larger tax base for local government and for the St. Louis public transit system. In addition, the light rail route is ideally situated with respect to major employment centers, as well as much of the region's economically disadvantaged population.

Mr. Chairman, the coming of light rail would be a major advance in the renaissance of St. Louis. With the building of Union Station, the Old Post Office, and other major projects downtown, St. Louis has been reborn. Now it is time to get this new child moving. Light rail will make St. Louis mobile and ready for the future. Rarely does a public works project offer such great benefit for so many at such reasonable expense.

We respectfully request that you include it in this appropriations bill.  
[The statement follows:]

#### STATEMENT OF SENATOR CHRISTOPHER S. BOND

Mr. Chairman and subcommittee members. Let me first thank the committee for the opportunity to appear before you to discuss a project that is very important to the people of the St. Louis region—the proposed Metro Link light rail system.

Metro Link represents a major opportunity, both for the St. Louis region and for the federal government to demonstrate that effective rail transit can be provided at low cost and at minimum risk to taxpayers.

The project makes use of existing railroad properties which would cost hundreds of millions of dollars if built from scratch. This approach of using existing infrastructure accomplishes five objectives of national and local importance.

1. Reduces the construction cost to \$14 million per mile, a small fraction of the cost for other major new rail starts.
2. Reduces the risk of cost overruns. There is little or no property acquisition, relocation, new tunneling or major new structures. Even the maintenance facility is in place.
3. Causes little or no environmental disruption, even in the downtown area. There will be no displacements, no disruption of downtown businesses.
4. Dramatically reduces the duration of construction so that the risk of inflating costs diminishes.

5. Gives new life to an historic landmark of national importance, the Eads Bridge.

There are other benefits of the light rail project, as well. It will spur economic development in the areas around the stations and throughout the transportation corridor. The local and federal investment will stimulate this increased private investment, resulting in a larger tax base for local government and for the St. Louis public transit system. In addition, the light rail route is ideally situated with respect to major employment centers, as well as much of the region's economically disadvantaged population.

The coming of light rail would be a major advance in the renaissance of St. Louis. With the building of Union Station, the Old Post Office and other major projects downtown, St. Louis has been reborn. Now, it is time to get this new child walking. Light rail will make St. Louis mobile and ready for the future. Rarely does a public works project offer such great benefit for so many at such reasonable expense. I respectfully request that you include it in this appropriations bill.

#### CLOSING REMARKS

Senator HARKIN. Thank you very much, Senator Bond. Senator Danforth, my notes tell me that the Senate report language on the 1987 supplemental reiterates the committee's position that DOT and St. Louis start full funding negotiations. Is that your information too?

Senator DANFORTH. That's right, Mr. Chairman. The problem has been that Mr. Ralph Stanley, who is now stepping down as the Administrator of UMTA, really has been kind of a one-man band in opposition to this project. We feel that he has not been responsive to congressional intent relating to full funding negotiations. He has not been willing to go to the table, and he has announced that as a condition to the full funding agreement, he would require St. Louis to



provide so-called "backstop funding" which we believe is unprecedented and really totally unacceptable. So, the point of the report language for 1987 was to make it clear that the intent of the Congress is for the Secretary of Transportation to proceed with the full funding contract.

Senator HARKIN. That really was my question—what has been the holdup—and you just described it for me.

I'm sorry. I didn't get the Executive Director's name.

Mr. STERMAN. Les Sterman.

Senator HARKIN. Les Sterman. Did you have anything else that you wanted to add for the record, Mr. Sterman, in this regard?

Mr. STERMAN. No. I think the Senator has expressed our feelings very well.

BRIEF RECESS

Senator HARKIN. Well, there goes the next beeper. This is a motion to adjourn for 1 minute. The subcommittee will stand in recess for about 10 minutes.

[A brief recess was taken.]

### SUBMITTED MATERIAL

Senator CRANSTON. This hearing will momentarily please come to order.

Because of a floor situation that requires a rollcall every 15 minutes, or roughly that, it will be impossible to conduct this hearing this morning. For those of you who have come long distances, if you are able to stay over until tomorrow, there will be the opportunity at the end of the scheduled hearing tomorrow, which would mean around 12 or 12:30 to very briefly give an oral statement. However alternatively, your statements, which have already been received for this morning, or if they haven't been received, you can hand them in, can appear in the record as if read so that it is not necessary for you to stay over until tomorrow if that is inconvenient for you.

You act in accordance with whatever you wish. If you wish you can tell the committee staff after we adjourn that you would like an opportunity to appear tomorrow at the end of the hearing. It's really not necessary for you to do that, however, since your statements can appear in the record as if read as of today. So, you decide and come here if you wish to indicate a desire to appear tomorrow.

[The statements follow:]

## STATEMENT OF HON. TIMOTHY E. WIRTH, U.S. SENATOR FROM COLORADO

Mr. Chairman, members of the Subcommittee, it is a pleasure to appear before you this morning to introduce two groups from Colorado who are seeking support for two worthwhile projects -- the North I-25 Bus/HOV Lanes and the Colorado 470 Parkway Project.

With us today are Representative Robert Bowen of the Colorado House of Representatives and Chester E. Colby, General Manager of the Regional Transportation District (RTD). They are here to urge that the Subcommittee earmark \$15 million from the Fiscal Year 1988 Urban Mass Transportation Administration Section 3 "New Start" program to begin construction of Phase I of the I-25 Bus/HOV Lanes.

In addition, John Bowers, President and General Manager of the Lakewood/South Jeffco Chamber of Commerce will be appearing before the Subcommittee. Mr. Bowers represents the Colorado 470 Inter-Chamber Task Force -- which is a cooperative effort of Colorado business, community, and government leaders formed in the early 1980's to support the Colorado 470 project. The C-470 Delegation is seeking \$16.45 million in Interstate Transfer funds to fulfill the federal commitment for construction of the C-470 Parkway.

Mr. Chairman, both of these projects are very important to Colorado. I would like to take just a few minutes to describe the North I-25 Bus/HOV Project, as it fits into my state's plans to increase access to mass transit and reduce air pollution.

I am enormously pleased that state and local governments, business leaders, and civic groups have coalesced behind a single, comprehensive plan for meeting metropolitan Denver's mass transit needs. The first step in this plan is to construct a twelve-mile bus/high occupancy vehicle lane in the I-25 corridor that extends north from downtown Denver. The federal funds that we are seeking today are needed to begin construction of that bus lane, starting from the central business district and progressing to the intersection of 58th Avenue and Interstate 25.

The total federal share of this project will be \$56.35 million. Last year, Congress earmarked \$6.5 million as part of the Fiscal Year 1987 Continuing Resolution to complete the advanced planning work that was needed for these bus/HOV lanes. Completion of Phase I of this project entails a total funding commitment of \$148 million over four years. This year's request for an earmark of \$15 million from UMTA's Section 3 funds will permit this project to proceed, consistent with the federal, state and local cost-sharing agreements.

Unfortunately, UMTA, in negotiations with Denver RTD, has indicated that it may be unwilling to share in the costs of construction of a two-lane bus/HOV project and may limit participation to the level required for the building of a single, bus-only lane. This type of action could seriously disrupt the fragile financing arrangements developed between the state, local and federal participants and may endanger the entire project. I will be seeking the inclusion of report language to help clarify the intent of Congress and encourage UMTA to shoulder its fair share of the financing for the project.

The North I-25 Bus/HOV Lane project is of considerable importance to Colorado. Transportation is one of the key issues facing the Denver metropolitan area, as Colorado plans for the next century. As the metropolitan area grows, it becomes increasingly essential to develop safe and efficient mass transportation alternatives for people who must travel into Denver's central business district to work, visit or shop. At the same time, there is a growing consensus that we must redouble our efforts to reduce air pollution in the metropolitan area. This project makes significant progress toward meeting both these goals.

Today, 28 percent of all commuters to Denver's central business district arrive by public transit. With the addition of HOV lanes on the North I-25 corridor, we could significantly increase that percentage.



Moreover, the Bus/HOV lane will be a cost-effective and workable means of meeting the transit needs of the Denver metropolitan area. Using UMTA's own qualifications, RTD has estimated that the project will cost only \$1-2 per new rider attracted. This is far below the \$6 figure used by UMTA as a benchmark for determining whether a major "new start" project should receive consideration.

Mr. Chairman, I would now like to turn to Colorado's other important project -- the Colorado 470 Parkway.

For the last six years, representatives of the C-470 Inter-Chamber Task Force have journeyed to Washington to urge funding of the Colorado 470 Parkway from the Interstate Highway Transfer account. If the funding they are requesting this year is provided, no further federal funds will be needed for this important Colorado project.

The continued and rapid growth in the southwest sector of the Denver region has created increased pressure for the completion of this road. Following the opening of Phase I on December 7, 1985, the Quebec Street segment was carrying about 10,300 vehicles over a 24-hour period.

Eight months later that same segment had increased by a factor of nearly four -- to 38,800 vehicles in a 24-hour period -- further underscoring the essential nature of this project.

Last year the Colorado 470 Delegation requested \$40.8 million for Fiscal Year 1987. This apportionment would have fully consumed the remaining amount obligated to Colorado from the federal Interstate Transfer program established by Congress in the Surface Transportation Assistance Act of 1982. However, as of last month, Colorado had only received approximately \$24.48 million in formula and discretionary funds from the 1987 request. If the Committee approves the allocation of \$16.45 million, Colorado will have received the entire balance obligated under the 1982 Act, and will no longer require federal funds from the Interstate Transfer program.

I urge the Committee to approve these important and worthwhile requests. I am convinced that both of these projects are deserving of full funding and will contribute much to the quality of life for Coloradans.

## STATEMENT OF ROBERT BOWEN, STATE REPRESENTATIVE, STATE OF COLORADO

CHAIRMAN LAUTENBERG AND MEMBERS OF THE COMMITTEE, MY NAME IS ROBERT BOWEN AND I AM A MEMBER OF THE HOUSE OF REPRESENTATIVES IN THE COLORADO STATE LEGISLATURE. MR. CHAIRMAN, BEFORE I BEGIN, I WOULD LIKE TO INTRODUCE CHESTER E. (ED) COLBY, GENERAL MANAGER OF THE REGIONAL TRANSPORTATION DISTRICT. I APPEAR BEFORE YOU ALSO ON BEHALF OF CARL E. "BEV" BLENSOE, SPEAKER OF THE COLORADO HOUSE OF REPRESENTATIVES, WHO EXTENDS HIS REGARDS. IT IS MY PRIVILEGE TO APPEAR BEFORE YOU TODAY TO BRIEFLY DISCUSS SOME OF THE NEEDS OF THE DENVER METROPOLITAN AREA AND TO REQUEST A \$15 MILLION EARMARK FROM THE 1988 FEDERAL UMTA "NEW START" FUNDS FOR THE NORTH I-25 BUS/HOV LANES. LAST YEAR, CONGRESS SAW FIT TO EARMARK \$6.55 MILLION FOR THE FIRST YEAR FUNDING OF THIS IMPORTANT PROJECT, AND AS YOU WERE TOLD AT THAT TIME, A TOTAL OF \$56.35 MILLION DOLLARS OVER A PERIOD OF FOUR YEARS WOULD BE NEEDED TO COMPLETE THE FIRST PHASE OF THIS PROJECT. THE COMMUNITY CONSENSUS WHICH DEVELOPED AROUND THIS PROJECT HAS LED TO AN INCREASED EMPHASIS IN SOLVING OUR REGION'S TRANSIT NEEDS, INCLUDING THE PASSAGE THIS YEAR OF A BILL IN THE COLORADO LEGISLATURE WHICH WOULD REQUIRE THAT CORRIDOR SPECIFIC TAXES BE AGREED UPON BY THE PRIMARY BENEFICIARIES OF THE PROJECTS TO FINANCE A SIGNIFICANT PART OF ANY CONSTRUCTION. WE RECOGNIZE THAT THE FEDERAL GOVERNMENT CANNOT BE EXPECTED TO PAY FOR ALL OF OUR REGION'S NEEDS IN THIS AREA. WE ARE, HOWEVER, ASKING YOU TO BE A FULL PARTNER. THE ATTACHED BROCHURE BEING DISTRIBUTED EXPLAINS THE PROPOSAL IN DETAIL, SO I WON'T TAKE YOUR VALUABLE TIME TO REITERATE ALL OF THE POINTS IT CONTAINS. THERE ARE SEVERAL POINTS WHICH I WOULD LIKE TO EMPHASIZE:

TWO LANE BUS/HOV FACILITY. WE ARE SPECIFICALLY REQUESTING THAT THE UMTA NEW START FUNDS BE USED TO PAY UP TO 50% OF THE PROJECT COST FOR CONSTRUCTING A TWO LANE BUS/HOV FACILITY, WITH SUPPORT FACILITIES, FROM THE DENVER CENTRAL BUSINESS DISTRICT TO THE 58TH AVENUE TERMINUS OF THE PHASE I PROJECT. (THE ULTIMATE PROJECT WOULD EXTEND TO 120TH AVENUE - A TOTAL OF 12 MILES.) THERE IS AGREEMENT BY ALL PARTIES THAT BECAUSE OF THE SIGNIFICANT COST OF REPLACING THE NUMEROUS STRUCTURES ALONG THE FREEWAY THAT NOTHING LESS SHOULD BE CONSIDERED. HOWEVER, THE REGION 8 UMTA ADMINISTRATOR IS SUGGESTING A LIMITATION ON UMTA PARTICIPATION TO THAT WHICH WOULD BE REQUIRED TO SERVE BUSES ONLY. OUR STATE HIGHWAY DEPARTMENT IS PRESENTLY IN THE PROCESS OF CONSTRUCTING AN HOV FACILITY FROM THE DENVER CENTRAL BUSINESS DISTRICT SOUTH ALONG SANTA FE DRIVE, WITH NO UMTA PARTICIPATION. THEY HAVE ALSO PURCHASED NUMEROUS PARK-N-RIDE SITES WHICH ARE LEASED TO THE RTD FOR A DOLLAR A YEAR, AS WELL AS CONSTRUCTING RAMP METER BYPASSES FOR RTD BUSES. AS A MEMBER OF THE COLORADO LEGISLATURE, I AM AWARE OF THE NEED UPON OCCASION TO CLARIFY LEGISLATIVE INTENT AND TO ACHIEVE THE PURPOSE OF THE LEGISLATION

WE PASS. I AM ASKING YOU TO ASSIST US BY URGING UMTA TO SUPPORT AND FUND 2 TWO LANE BUS/HOV FACILITY. IT IS IMPORTANT THAT THIS PROJECT MOVE FORWARD IN AN EXPEDITIOUS FASHION.

TWO POINTS I WOULD LIKE TO COVER ARE AS FOLLOWS:

BUDGET. THESE ARE DIFFICULT TIMES FOR ALL OF US. THE NEED TO ECONOMIZE IS SELF-EVIDENT. THE PROPOSAL WE BRING TO YOU TODAY IS A LOW-COST/HIGH-IMPACT PROJECT. USING UMTA'S COST INDEX EVALUATION CRITERIA, THIS PROJECT RANKS AS ONE OF THE MOST COST EFFECTIVE IN THE NATION. IT COMBINES LOCAL FUNDS FROM THE CITY AND COUNTY OF DENVER, THE REGIONAL TRANSPORTATION DISTRICT, AND THE COLORADO DEPARTMENT OF HIGHWAYS WITH THE UMTA FUNDS WE SEEK FROM YOUR COMMITTEE.

AIR QUALITY. REGRETTABLY, ONE OF THE THINGS THAT HAS HELPED TO UNITE THE CITIZENS OF DENVER IS THE POOR QUALITY OF OUR AIR. THE DENVER METRO AREA HAS A SERIOUS CARBON MONOXIDE PROBLEM AND IS STRUGGLING TO ACHIEVE COMPLIANCE WITH FEDERAL STANDARDS IN 1987. I AM NOT SUGGESTING THAT THIS PROJECT ALONE WILL SOLVE OUR AIR QUALITY PROBLEM; IT WILL NOT. CARBON MONOXIDE EMISSIONS, HOWEVER, ARE PRODUCED ALMOST EXCLUSIVELY BY AUTOMOBILES. REDUCING VEHICLE MILES TRAVELED IS ESSENTIAL TO ANY SUCCESSFUL IMPROVEMENT STRATEGY. IT WOULD BE FOOLISH TO THINK WE COULD ACHIEVE THIS OBJECTIVE WITHOUT VIABLE MASS TRANSIT. THE I-25 NORTH CORRIDOR PROJECT WILL DRAW COMMUTERS TO TRANSIT AND TO CARPOOLS BECAUSE THEIR COMMUTE WILL BE QUICKER THAN IF THEY TRAVELED ALONE. THE SHARE OF THE COMMUTER TRAVEL MARKET USING TRANSIT IN DENVER HAS BEEN STEADILY INCREASING FOR SEVERAL YEARS. TODAY, OVER 28 PERCENT OF ALL DOWNTOWN COMMUTERS ARRIVE BY TRANSIT. THIS PROJECT WILL HELP US INCREASE THE MARKET SHARE OF TRANSIT AND CARPOOLING AND PRODUCE TANGIBLE IMPROVEMENTS IN OUR AIR QUALITY.

#### SUMMARY

TO SUMMARIZE, WHAT WE ARE ASKING FOR TODAY IS YOUR SUPPORT FOR A \$15 MILLION EARMARK FOR FISCAL 1988 TO BEGIN CONSTRUCTION OF THE NORTH I-25 CORRIDOR BUS/HOV LANES. THIS EARMARK WOULD BE THE SECOND INSTALLMENT OF A PROPOSED \$56.35 MILLION TO BE USED FOR THE CONSTRUCTION OF THE FIRST FIVE MILES OF WHAT WILL EVENTUALLY BE A 12-MILE FACILITY. OUR REQUEST ALSO INCLUDES MONEY NEEDED TO SUPPORT THE OPERATION OF THE COMPLETED BUS/HOV LANES. WE APPRECIATE THE TIME YOU AND YOUR STAFF HAVE SPENT REVIEWING OUR REQUEST. WE WOULD BE PLEASED TO ANSWER ANY QUESTIONS. THANK YOU.

## STATEMENT OF JOHN BOWERS, C-470 INTER-CHAMBER TASK FORCE

Summary of Request:

The Colorado 470 Delegation, sponsored by the Colorado 470 Inter-Chamber Task Force, offers testimony that substantiates the need for additional funding for the Colorado 470 (C-470) Parkway project and related Colorado Interstate Transfer projects. The C-470 project will be a 26.1 mile-long, four-lane parkway when completed in the southwest Denver metropolitan area. The \$243.6-million parkway will eventually connect I-25 on the Denver metropolitan area's south side with I-70 on its west side. Slightly over 9 miles of the parkway opened December, 1985 -- in large part due to previous Interstate Transfer funding made possible through Congressional and Administrative actions. This coupled with an existing 3.1 miles provides 12.2 miles of the eventual 26.1-mile parkway to be open to the public. Another section will open this year thus providing 15.9 miles of parkway. The entire parkway will be completed by 1989.

Projects Involved:

Specific projects that are being funded through the Interstate Transfer program in Colorado, as well as those completed through the same program include:

- o Colorado 470 -- Phase I completed
- o Santa Fe Drive (includes Littleton railroad depression)
- o Mississippi Avenue -- completed
- o Kipling/Independence -- Arvada
- o Kipling/Jewell to Hampden -- Lakewood -- completed
- o Kipling/Hampden to C-470 -- Jefferson County
- o Wadsworth
- o Alameda -- completed
- o Hampden at I-25 -- completed
- o Yosemite -- completed
- o 104th Avenue -- completed
- o Rideshare project -- completed
- o Traffic changes (associated with 16th Street Mall in Denver) -- completed
- o 16th Street Mall -- Denver -- completed

Name and Title of Witness:

Mr. John Bowers  
Member  
Colorado 470 Inter-Chamber Task Force

Mr. Bowers is President and General Manager of the Lakewood/South Jeffco Chamber of Commerce. Mr. Bowers is a member of the C-470 Inter-Chamber Task Force, which is a Task Force sponsored by four Denver area chambers of commerce -- Centennial (Englewood and Littleton), Denver, Golden and Lakewood/South Jeffco. The C-470 Delegation sponsored by the Task Force is making its sixth consecutive trip to Washington, D. C. and represents a broad coalition of businesspeople, homeowners, labor groups and governmental entities, all of whom are vitally interested with the early completion of C-470.

Action Requested:

The Colorado 470 Delegation requests that Congress fund Colorado Interstate Transfer projects to the \$16.45 million level in Fiscal Year 1988.

Thank you Chairman Lautenberg and members of the Subcommittee. I am John Bowers and I am a member of the Colorado 470 Inter-Chamber Task Force representing a cross-section of interests in the Denver metropolitan area. This is the sixth year that the Task Force has sponsored the C-470 Washington, D. C. Delegation which represents businesspeople, homeowners, labor and governmental entities in the Denver metropolitan region, all of whom are vitally concerned with the timely completion of the C-470 project.

When completed, the C-470 project will be a 26.1-mile long, four-lane parkway located in the southwest Denver metropolitan area. The \$243.6-million parkway will connect I-25 on the Denver metropolitan area's south side with I-70 on its west side.

I am here to thank you for your generous support in Fiscal Year 1987 and to report that the funds appropriated for the project will be put to good use. In addition to my testimony, I have distributed a copy of a booklet entitled C-470: The End is in Sight, which I also submit for the records.

We view this as a very exciting development since roughly twelve miles of the 26.1-mile long parkway is now open for use by the public. This is proof that the monies appropriated by Congress are being put to good use and producing results. With the section between Ken Caryl Road and Wadsworth Boulevard opening this year approximately 15.9 miles of the parkway will be in use.

For that we thank you! Without your support, these tangible results could not have happened.

Maintaining a reasonable and consistent level of funding continues to be the major issue facing C-470. Our desire is to finish the project as quickly as we can. The larger the funding amount that Colorado receives, the faster the project can be completed and opened.

The reasons for this remain the same as in previous years:

1. The need for the C-470 parkway is even more pressing as evidenced by the growth in the southern Denver metropolitan area and the large traffic increases both real and projected.
2. As opposed to most other Interstate Transfer projects which are still in their early phases, C-470 is designed and a large portion of the project is actually ready for construction. In other words, monies appropriated for the project can be spent for construction. Ultimately, these monies are funneled back into business which

strengthen the overall local economy and reduces the unemployment rate.

3. Since the project is under construction, maintaining an adequate and reasonable level of funding makes economic sense. Congress and the U. S. Department of Transportation can get "more bang for their buck." Inflation continues to be a problem for not only C-470 but for all transportation projects. The difference is that C-470 can be built now.
4. Maintaining an adequate and reasonable level of funding also enables the Colorado Department of Highways to plan more accurately for manpower needs and to better meet construction schedules, thus helping the Department to make more efficient use of funds.
5. The Colorado Department of Highways has demonstrated a willingness to make State funds available to match any federal funding allocation.

The Colorado 470 Delegation again strongly urges Congress and the Administration to allocate funding for the C-470 project. Specifically, we request \$16.45 million in Fiscal Year 1988. If Congress meets this request, the Interstate Transfer amount for Colorado as set by Congress in 1982 will have been met. The longer projects are delayed, the higher the costs to finish them.

On behalf of the Colorado 470 Delegation representing a broad coalition of interest groups throughout the Denver metropolitan area and the State of Colorado, I thank you for your solid support in the past and urge you to allocate the funding level in Fiscal Year 1988.

Thank you Chairman Lautenberg and members of the Subcommittee.



STATEMENT OF HON. WYCHE FOWLER, JR., U.S. SENATOR FROM GEORGIA

MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE. AS A NEW MEMBER OF THE UNITED STATES SENATE FROM GEORGIA, THIS IS MY FIRST OPPORTUNITY TO APPEAR BEFORE THIS DISTINGUISHED SUBCOMMITTEE TO PROVIDE AN UP-DATE ON THE STATUS OF PUBLIC TRANSPORTATION IN THE ATLANTA REGION AND TO DISCUSS WITH YOU THE FEDERAL FUNDING NEEDS OF THE METROPOLITAN ATLANTA RAPID TRANSIT AUTHORITY (MARTA). I AM ESPECIALLY GRATEFUL FOR THIS OPPORTUNITY FOR I KNOW HOW DIFFICULT YOUR TASK MUST BE. HOW DO YOU BALANCE THE NEED TO KEEP FEDERAL SPENDING UNDER CONTROL IN THE FACE OF GROWING DEMANDS FOR FEDERAL SUPPORT TO MEET THE PRESSING NEEDS OF THE CITIZENS OF OUR COUNTRY. IT IS SOMETHING WHICH WE ARE ALL STRUGGLING WITH AS WE ATTEMPT TO REDUCE OUR FEDERAL DEFICITS. I HOPE THAT MY BRIEF COMMENTS ABOUT THE ATLANTA SITUATION WILL BE HELPFUL IN YOUR DELIBERATIONS BECAUSE I FEEL THAT THE MARTA SYSTEM IS A MODEL PROGRAM. DETAILS OF THE MARTA FUNDING REQUEST APPEAR IN THE ATTACHED BOOKLET WHICH I WOULD LIKE TO SUBMIT FOR THE RECORD.

ALTHOUGH I AM NEW TO THE SENATE AND THIS SUBCOMMITTEE, I KNOW THAT MARTA IS NOT. WITH THE HELP OF THIS SUBCOMMITTEE, THE CONGRESS AND THE URBAN MASS TRANSPORTATION ADMINISTRATION, MARTA IS CREATING IN THE ATLANTA AREA A MODEL PUBLIC TRANSPORTATION PROGRAM OF WHICH WE ALL CAN BE VERY PROUD. I HAVE FOLLOWED MARTA'S PROGRESS FIRST HAND FOR MANY YEARS NOW - INITIALLY AS A CITIZEN, THEN AS PRESIDENT OF THE ATLANTA CITY COUNCIL, FOR 10 YEARS AS ATLANTA'S CONGRESSMAN, AND NOW AS A UNITED STATES SENATOR. MARTA HAS EARNED A REPUTATION RARE AMONG PUBLIC AGENCIES, OF GETTING THE JOB DONE ON SCHEDULE AND WITHIN BUDGET.

WITH THE ASSISTANCE OF FEDERAL FUNDS PREVIOUSLY RECOMMENDED BY THIS SUB-COMMITTEE, MARTA IS NEARING THE COMPLETION OF PHASE C OF THE RAPID TRANSIT SYSTEM. PHASE C IS THE NORTH/SOUTH LINE WHICH LINKS THE FAST GROWING NORTHERN PORTION OF THE REGION TO WHAT WILL SOON BE THE WORLD'S BUSIEST AIRPORT IN THE SOUTH -- ATLANTA HARTSFIELD INTERNATIONAL. ANOTHER 2.7 MILE LINE SEGMENT AND STATION ON THE NORTH/SOUTH LINE WILL OPEN THIS DECEMBER -- THE CHAMBLEE STATION. IN ADDITION, THE ALL-IMPORTANT LINK TO THE AIRPORT, ALL OF WHICH IS

CURRENTLY UNDER CONSTRUCTION WILL OPEN IN JUNE 1988 IN TIME FOR THE 1988 DEMOCRATIC NATIONAL CONVENTION. IT IS MY HOPE THAT I WILL BE ABLE TO PERSONALLY ESCORT THOSE MEMBERS OF THIS SUB-COMMITTEE IN ATTENDANCE AT THE CONVENTION ON A TOUR OF THE MARTA SYSTEM SO YOU CAN SEE, IF YOU HAVE NOT ALREADY DONE SO, HOW THE RESOURCES YOU HAVE SO GENEROUSLY MADE AVAILABLE ARE WORKING TO MAKE ATLANTA FUNCTION MORE EFFICIENTLY AND MORE EFFECTIVELY.

500,000 TRIPS PER DAY, INCLUDING TRANSFERS, ARE HANDLED ON THE COMBINED MARTA BUS/RAIL SYSTEM -- 185,000 PER DAY ON THE RAIL SYSTEM ALONE. WHEN THE AIRPORT STATION OPENS, THERE WILL BE 45-50,000 ADDITIONAL TRIPS PER DAY ON THE RAIL SYSTEM.

MR. CHAIRMAN, MARTA CONTINUES TO GET THE JOB DONE IN ATLANTA. IT CONTINUES TO MAKE A DIFFERENCE IN TERMS OF REDUCING TRAVEL TIME AND CONGESTION. FOR EXAMPLE, A TRIP FROM THE SOUTH END OF THE SYSTEM TO THE LARGEST SHOPPING AREA (LENOX SQUARE) PREVIOUSLY TOOK OVER AN HOUR. IT CAN NOW BE MADE IN 24 MINUTES. THE MARTA RAIL SYSTEM CONTINUES TO PROVE ITSELF BY CONTAINING THE COST TO CARRY A PASSENGER. FOR EXAMPLE, IN REAL TERMS IT IS CHEAPER TODAY TO TRANSPORT A BOARDING PASSENGER THAN IT WAS 5 YEARS AGO.

THE MARTA SYSTEM CONTINUES TO ADDRESS MAJOR DEVELOPMENT PROJECTS IN THE RAIL CORRIDOR AND AROUND THE RAIL STATIONS. THIS MEANS MORE JOBS, MORE COMMERCIAL AND RETAIL ACTIVITY, A BROADER TAX BASE FOR THE LOCAL GOVERNMENTS, MORE EFFICIENT USE OF LAND, LESS ENERGY WASTE, AS WELL AS MORE RIDERS FOR MARTA.

MR. CHAIRMAN, LET ME CLOSE BY BRIEFLY OUTLINING MARTA'S FY'88 FUNDING REQUEST. LAST SUMMER, MARTA, WITH THE HELP OF A BLUE RIBBON CITIZENS COMMITTEE, REACHED A CONSENSUS AGREEMENT ON THE NEXT PHASE OF CONSTRUCTION. THE ATLANTA REGION IS ONE OF THE FASTEST GROWING REGIONS IN THE SUN BELT. AS THE REGION GROWS MARTA MUST ALSO GROW IN ORDER TO ENSURE THAT THERE WILL BE AN ADEQUATE TRANSPORTATION NETWORK IN PLACE TO SUPPORT THE GROWTH. THE NEXT PHASE OF MARTA CONSTRUCTION, PHASE D, IS AN ORDERLY EXPANSION OF THE SYSTEM WHICH TAKES INTO ACCOUNT THE NEEDS OF THE EXISTING SYSTEM, AVAILABLE FINANCIAL

RESOURCES AND DEVELOPMENT TRENDS. IT CONSISTS OF 10 MILES OF TRACK AND FIVE STATIONS. ITS ESTIMATED COST IS \$412 MILLION. MARTA IS REQUESTING \$124 MILLION OR 31% IN FEDERAL FUNDS. THE REMAINDER OF THE COST WILL BE FUNDED FROM LOCAL RESOURCES. AND IT IS ON THAT POINT, MR. CHAIRMAN, THAT I WOULD LIKE TO CLOSE.

THE CITIZENS OF ATLANTA IN 1971 TAXES THEMSELVES TO PAY FOR PUBLIC TRANSPORTATION. WE HAVE ALWAYS BEEN WILLING TO PUT OUR MONEY ON THE LINE FIRST AND TO GO BEYOND THE REQUIREMENTS OF THE LAW. WE ARE STILL WILLING TO DO SO. WE SEEK FEDERAL ASSISTANCE ONLY AFTER OUR LOCAL RESOURCES HAVE BEEN COMMITTED.

THANK YOU MR. CHAIRMAN FOR YOUR ATTENTION.

## MARTA FISCAL YEAR 1988 FEDERAL FUNDING REQUIREMENT

MARTA - Phase D  
FY'88 Federal Funding Requirement

## EXECUTIVE SUMMARY

System Description

The approved MARTA Rail System consists of 62 miles of lines, 45 stations, and 33,000 parking spaces. Twenty-seven (27) miles and 26 stations are in service (Phases A and B, as well as a portion of Phase C). An additional 8 miles and 4 stations are under development and scheduled for completion in the 1990 time frame (Phase C).

Following an intensive review of alternative modes, financing and construction priorities, MARTA has adopted a fourth phase of system development--Phase D. It consists of 9 miles of track and 5 stations: The Proctor Creek Line to the Bankhead Station; the North Line to the Medical Center Station; and extension of the East Line to Indian Creek Station.

Benefits of System Expansion

The addition of Phase D to the MARTA System will generate substantial benefits in terms of new riders, travel time savings, operating cost savings and new commercial and retail development.

Local Financial Commitment

In 1971 the voters of the MARTA District approved a 1% sales and use tax dedicated to public transportation. The tax is currently generating \$150 million per year in revenue--50% of which is used for capital programs and 50% for operating expenses. Historically, MARTA has been able and willing to over-match federal construction grants. This commitment will continue into the future.

FY'88 Federal Funding Requirement

The total estimated cost of Phase D is \$412 million (in FY'87 dollars). MARTA is requesting \$124 million in FY'88 Section 3

funds. These funds would be used for the East Line extension from Avondale to Indian Creek. The remaining segments of Phase D will be funded exclusively with local funds. Based on current financial planning, MARTA's anticipated share of participation in Phase D will be 69%.

#### Phase D of the MARTA Rail System

##### Overview

The completion of MARTA's North-South Line from Doraville to the Hartsfield Atlanta International Airport is scheduled for the 1990 time frame. At that time MARTA will have in service 35 miles of high speed rail transit lines with 30 stations located in the most heavily travelled corridors in Metropolitan Atlanta.

Last summer, the Authority, with the assistance of a Blue Ribbon Citizens Committee, engaged in an intensive review of its current and future plans. The process included an analysis of alternative financing, transit modes and construction priorities. One important outcome of the process was consensus agreement on the next phase of rail construction. Phase D, the next phase of construction, consists of 9 miles of lines and 5 stations: the Præctor Creek Line to the Bankhead Station; the North Line to the Medical Center Station; and the extension of the East Line to the Indian Creek Station.

Phase D is an orderly expansion of the MARTA rail system that takes into account the needs of the existing system, current agreements, and development trends in the Atlanta Metropolitan area. The estimated cost of Phase D is \$412 million (in FY'87 dollars), of which \$124 million in federal funds is being requested.

##### FY'88 Federal Funding Requirement

-- \$166 million is needed to complete the extension of the East Line from Avondale to Indian Creek, 3.1 miles and two (2) stations.

- Of this amount, MARTA is requesting \$124 million in federal funds to be granted in FY'88.
- \$42 million in local funds will be used to match the federal funds for the East Line. In addition, the entire \$246 million cost of building the other segments of Phase D will be provided from local resources.

#### Current Status of System Development

The approved MARTA Rail System consists of 62 miles of rail lines, 45 stations and 33,000 parking spaces. Development of the system is divided into five (5) phases. (See System Diagram.)

Phases A and B, consisting of 23 miles of track and 24 stations, are in service. Phase C, which runs from Lenox to Doraville on the Northeast Line and from Lakewood-Fort McPherson to the Atlanta Hartsfield International Airport on the South, consists of 12 miles of track and 6 stations. The Brookhaven and East Point segments of Phase C are in service. Development of the remainder of Phase C is underway with opening dates as shown:

|              |               |
|--------------|---------------|
| Chamblee     | December 1987 |
| College Park | June 1988     |
| Airport      | June 1988     |
| Doraville    | December 1991 |

The Urban Mass Transportation Administration (UMTA) has contributed \$1.232 billion of the \$1.731 billion cost of building Phases A and B. The anticipated federal share of the \$657 million cost of Phase C is 20%.)

Preliminary work on Phase D is just getting underway. Schedules are being developed and reviewed. The earliest possible completion date of the East Line extension for which federal funds are requested is 1992. Schedules for the other segments of Phase D are in the review stage. The estimated federal share of the cost of Phase D is 31%, if the \$124 million requested for the East Line extension is granted.





Phase E consists of the remainder of the approved System. Only minimal planning work is taking place on this phase of the System.

#### **Benefits of System Expansion**

The addition of Phase D to the MARTA Rail System will provide substantial benefits in terms of increased ridership, reduction in per passenger operating cost, travel time savings and positive impacts on commercial and retail development in the Atlanta area.

#### **Ridership**

At the present time the combined MARTA Rail/Bus System carries 250,000 daily revenue trips. Daily ridership on the existing rail system is 185,000. When the North-South Line is complete, daily ridership on the rail system is expected to reach 210-230,000 passengers. With the completion of Phase D, daily rail ridership is expected to increase to 250-270,000. The East Line extension for which federal funds are requested will add approximately 12,000 new revenue trips per day to the MARTA System. We estimate that the extension has great ridership potential. This is demonstrated by the fact that the current terminus, Avondale Station, cannot satisfy the demands; its parking lots quickly fill to overflowing capacity everyday.

#### **Operating Cost**

MARTA has now reached the point where it is significantly cheaper to transport a boarding passenger by rail than by bus: 62¢ vs \$1.04. MARTA's total cost per linked trip was \$1.70 in 1986, compared to \$1.60 five years ago. This modest increase is less than the inflation rate; i.e., the cost has decreased in real terms. As the System expands and matures, further productivity increases are expected.

#### **Travel Time Savings**

As the rail system is extended, significant additional travel time savings accrue to MARTA riders. A trip from East Point, the current terminus of MARTA's South Line, to Lenox Square, one of the

largest shopping malls in the Atlanta area now takes 24 minutes; the comparable trip by bus formerly took over an hour. When the Airport Station opens in June 1988, the trip from the Airport to downtown Atlanta will be reduced from 26 minutes to 15 minutes. Extension of the East Line to Indian Creek will reduce transit travel time in the corridor as much as 10 minutes. It will also allow many auto users, who cannot find space at Avondale Station, to switch to MARTA.

#### Development

The MARTA System has already stimulated a building boom around many stations. Georgia Pacific and Southern Bell have built 50-story office towers adjacent to the Peachtree Center and North Avenue Stations. IBM is building a 50-story tower at the Arts Center Station on land leased from MARTA.

With respect to Phase D, the North Line is located in the North Atlanta Corridor, one of the fastest growing corridors in Metropolitan Atlanta. Both the Buckhead and Perimeter Center/Medical Center areas of this corridor are projected to grow to equal or surpass the downtown area in office space.

At the Bankhead Station, which is located in a low income area, plans are underway to build a multi-purpose shopping and service center on the station site.

The East Line extension is located in an area which historically has served as primarily a residential area. The Atlanta Regional Commission forecasts a significant growth in both population and jobs within in the area. In 1970 the area had a population of 157,413 and employment of 38,242. By 1980 population had increased by 55% to a total of 243,893 while employment increased by 92% to a total of 73,300. By 2000 population will be 388,000 and employment 151,000. These dramatic increases in employment are the result of several major employment centers which are being built in the area.

East Line Extension Cost-Effectiveness Index

MARTA is conducting an analysis of the cost-effectiveness of the East Line for submission to UMTA. Preliminary results indicate a cost-effectiveness index in the \$3-\$4 range. This compares favorably with UMTA's maximum threshold value of \$6.00.

Local Financial Commitment

In 1971 when the voters of the Atlanta area approved the MARTA Plan, they also approved a 1% sales and use tax dedicated to public transportation. At the present time the MARTA tax is generating \$150 million per year. Approximately 50% of the tax is used for capital programs, while the other 50% is used to provide a stable and dependable funding source for MARTA's operations.

MARTA's share of the cost of building Phases A and B is 29%; of Phase C is 80%; and, based on current financial planning, MARTA's anticipated share of Phase D will be 69%.

## Phase D

Federal Funding Requirement

|                                  |        |
|----------------------------------|--------|
| Cost to Complete                 | \$412M |
| Local Funding                    | \$288M |
| Required Federal Funding (FY'88) | \$124M |

## STATEMENT OF HON. FRANK R. WOLF, U.S. REPRESENTATIVE FROM VIRGINIA

Good morning Mr. Chairman, I appreciate the opportunity to testify before this very distinguished panel on behalf of adequate FY 1988 construction funding for the Washington Metropolitan Area Transit Authority.

The ultimate completion of the WMATA system is vital to the transportation needs of the Washington Metropolitan area as it continues to grow and prosper, and to the many visitors from around the country and from all over the world who depend upon the Metrorail system for enhanced mobility.

The system to date has served us well. It is the third largest rail system in the United States, trailing New York City and Chicago, with 70 miles in operation. Both Metrobus and Metrorail ridership and performance continued to improve in FY 1986. In my district alone, the opening of the Orange Line to Vienna on June 7, 1986, has attracted more ridership than originally projected. Ridership on this segment exceeds 32,000 trips per day, a full 33 percent above WMATA's estimates.

In addition to ridership increases, WMATA has achieved a 53 percent cost recovery ratio for FY 1986, which is one of the best cost recovery ratios for any major transit system in the country. Revenues are expected to continue to grow during FY 1987. At the same time, WMATA has increased safety and reliability of the system.

The Washington Metrorail system will be the most effective means of alleviating the traffic congestion occurring in this region as the area continues to experience rapid growth and development. The Council of Governments estimates that without the Metro system currently in place, there would be nearly 100,000 additional private automobiles entering the District of Columbia's central business district during peak periods every work day. Thirty percent of the record 462,000 average daily Metrorail trips are made by Virginia residents alone, reducing auto travel over the clogged river bridges. It is estimated that

14 more traffic lanes on at least two new bridges would be required to carry this traffic.

These are very significant statistics that illustrate the utility of this system and the importance in fulfilling the present and future transportation needs of this region.

I am very concerned that the Administration has proposed only \$130 million for Washington Metrorail construction in FY 1988. If adequate funding is not forthcoming, the effect on the rail construction program will be drastic. Such cuts are clearly contrary to the clear intent of Congress as expressed in the legislative history of the Stark-Harris law.

It is imperative that Congress honor the long-agreed-to plan to complete the rail system. I am well aware of the funding constraints placed upon Congress and the competing demands of many worthwhile programs, as well as the current budget climate created by the Gramm-Rudman-Hollings Budget Act. With these budgetary constraints, it will be more important than ever for WMATA to continue to cut costs and to make each dollar spent, a worthwhile expenditure.

The Washington Metro system has been under construction for 18 years and is closer to completion than any other new rail system being constructed. Since 1965, the federal government has joined the local jurisdictions of the National Capital Region in a unique partnership committed to the design, construction and operation of the nation's finest rapid rail system.

It is imperative that the needs of this vital rapid rail system be met, and that the federal government fulfill its obligation and commitment to do its part in the realization of the common goal shared by the United States Congress, local jurisdictions of the national Capital Region and every Administration since President Eisenhower.

I appreciate the opportunity to appear before this subcommittee and thank you for your kind consideration.



STATEMENT OF HON. MELVIN R. PRIMAS, JR., MAYOR, CAMDEN, NJ, ON BEHALF OF  
THE UNITED STATES CONFERENCE OF MAYORS

Good afternoon Mr. Chairman and members of the Subcommittee. I am Melvin R. Primas, the Mayor of Camden, New Jersey. Today, I am testifying both as the Mayor of Camden and as the representative of the U.S. Conference of Mayors.

As the representative of the Conference, I speak on behalf of the mayors of this nation's principal cities, and I join with them in expressing our gratitude for this opportunity to address the Subcommittee on fiscal year 88 transportation funding.

The goal of my testimony is to highlight the need, from a mayors perspective, for the federal government to honor its financial commitment to urban mobility: highways, public transit, and aviation.

COMPETITIVENESS

In Washington today, the buzz word is competitiveness: What must this country do to regain its position of prominence in the world market? Mayors, too, want Congress to answer this question, because in our cities, which are the engines of the national economy, the national trends in unemployment and bankruptcies are seen in very human terms. If there is but one message that I leave you with today, it is that America will never be the world economic leader it once was if we allow the national economic engines, our cities, to sputter to a halt, choked by congestion and pollution.

For this nation to be competitive, its cities must be competitive and for its cities to be competitive, people and goods must be able to move as swiftly and economically within cities as they do between cities. No national competitiveness

program is worth the paper it is written on unless it includes funding for an urban mobility program.

Mayors also recognize that no resolution of the competitiveness issues is possible until we come to grips with the federal deficit. Any and all programs which help in the preservation and in some areas achievement, of urban mobility must be approached in a cost conscious manner.

But don't we already have, for the most part, a deficit-neutral program? The user fee trust funds, including the highway, inland waterway and aviation trust funds have provided, and will continue to provide, the lion's share of funding for urban mobility programs.

#### PUBLIC TRANSIT AND THE DISADVANTAGED

While mass transit operating assistance is funded by general tax dollars, the environmental benefits to this country, as well as the number of people it allows to free themselves from the cycle of poverty more than justifies the federal government's investment in this service. While the example of transit and the disadvantaged I will use is that of my city, Camden, the lessons are applicable to each of this nations cities.

The Delaware Valley Regional Planning Commission, (DVRPC) recently studied the predicament of "transportation-disadvantaged" persons in the Camden region. The transportation-disadvantaged are those persons who, for one reason or another, do not have ready access to an automobile, and are therefore more dependent on public transportation than the population as a whole. The four most common of these transit-attendant groups are the young, the elderly, the disabled and the poor. These people live throughout the region but concentrations of each can

be found in the city of Camden. Twentyone percent of Camden's population is between the ages of 10 and 19, old enough to require transportation but too young to own a car. Another ten percent are over 65 years of age, a group that needs public transit many times to shop and seek medical attention.

The proportion of the population citing a need for public transit due to disability is twice as great in Camden as compared to the region. Most handicapped can not drive and have need for handicapped transit service. Fianally, twenty eight percent of the my city's population are below the poverty level. This compares to a region wide percentage of eight and one half percent. Medium household income in Camden is approximately \$10,000 compared to \$20,0000 for the region.

The transportation-disadvantaged do not have destinations that are different from the nondisadvantaged ridership. Most riders are commutting to jobs. And although Camden provides many jobs for low income persons, many recently created jobs are located in outlying areas, attainable only through the intervention of public transportation. In addition, these reverse commuters are helping to make transit more cost efficient by filling otherwise empty outbound buses in the morning and inbound buses in the afternoon. Finally many of the job related commutes and trips of the elderly and handicapped are at off peak hours, again helping operators to effectively use personell and equipment .

Midday, weekend, and evening services are important to the transportation-disadvantaged. They depend on public transit for non-work trips, as well. When transit cuts are made, it is these marginal runs which are dropped. So the burden of cutbacks falls heavily on the young, elderly, disabled and poor.

## TRANSIT AND URBAN REBIRTH

All forms of urban mobility, but especially transit, play a vital role in the rebirth of this nation's cities. In Camden, a commercial and residential development will be anchored by a major public attraction, the New Jersey State aquarium. It is anticipated that the aquarium alone will attract over one million visitors a year and access by public transit will be a key factor in enhancing the development potential of this project.

And just how much does the government spend on public transit? If current levels of funding are maintained, for every \$1,000 spent by the federal government, less than \$2 will be spent on mass transit operating assistance. And in the past five years, federal funding for mass operating assistance is down forty percent when adjusted for inflation.

Mayors believe that the budget submitted by the President for urban mobility programs is neither realistic nor prudent. We were gratified that such a large number of Senators concurred in our opinion and by vote voiced their disapproval.

At this time I would submit a review of the President's budget prepared by the Conference of Mayors in January of this year and move on to what we feel this Subcommittee's mark should reflect.

## H.R. 2: The Commitment of the Federal Government

Mayors believe that the long, hard battle waged for the authorization levels embodied in H.R. 2, The Surface Transportation and Uniform Relocation Act of 1987, must not have been for naught. The commitments made by Congress, as outlined

in the authorization levels, must now be honored. These are commitments which has the support of the members of this Subcommittee both before and after the President's veto.

Funding levels for highway construction, mass transit operation assistance, and discretionary capital funding should be set at no less than those levels authorized and committed to in H.R. 2.

That these funds are needed is clearly evidenced by the various studies compiled on the status of our mobility infrastructure. The American Transportation Advisory Council estimates that there exists \$494 billion in capital highway needs and \$27 billion in airport needs through 1996, while the American Public Transit Association estimates capital investment requirements in transit through 1992 at over \$31 billion.

Local governments continue to do their part in the battle to prevent the further decay of our nation's infrastructure. Local governments have raised taxes, imposed user fees and reduced services to their minimum. But with the loss of General Revenue Sharing, the nearly one third reduction in funding for the Community Development Block Grant and the erosion in their tax bases, cities are unable to devote any additional funds in the battle to preserve our nation's infrastructure.

#### CLEAN AIR

In addition to wrestling with the costs of preserving the mobility infrastructure and a competitive edge for their city, mayors also must comply with the ambient air quality standards of the Clean Air Act. It has been proven that the most successful way to improve urban air quality is to reduce traffic congestion. But the two most important tools that mayors possess in their attempt to reduce traffic congestion are

now threatened. Mass transit operating assistance is off some forty percent since 1981, and the loss of highway funds is a sanction under the Clean Air Act. Mayors look to you, as members of this Subcommittee, to halt this slide in funding and we ask you as members of Congress to take a fresh look at the sanctions of Clean Air Act to see if in fact they will help in the attainment of clean air or only lead to its further degradation.

#### AIRPORTS

We encourage the Committee to fully fund the Airport Improvement Program at levels supported by the trust fund. That additional capacity and safety facilities are needed has often been cited by the members of this subcommittee and we hope that it will make the funds available to develop this capacity.

#### AMTRAK

As the Mayor of Camden, and a constituent of Chairman Lautenberg, I would like to thank him for the leadership he has shown in the battle to keep AMTRAK both alive and functioning safely. The Conference of Mayors calls upon all members of Congress to follow the Chairman's lead and not to abandon its commitment to AMTRAK. In May of 1985, Mayor Daniel Griset of Santa Ana testified before Congress on the first proposal to eliminate AMTRAK funding. At that time he said, "We believe a national passenger railroad system is critical to achieving our defense, transportation, energy and environmental objectives and to sustaining a strong and healthy economy. The United States has a long history of using rail service to meet major transportation needs. With mobility a necessity and costs for new systems prohibitive, a high priority must be placed on the preservation of existing transportation services with an emphasis on efficiency and reliability." Our opinion has not changed. Indeed, it has only grown stronger.



THE FEDERAL BUDGET AND THE CITIES—A REVIEW OF THE PRESIDENT'S BUDGET FOR  
FISCAL YEAR 1988, OCTOBER 1, 1987 TO SEPTEMBER 30, 1988

PREFACE

This report, The Federal Budget and the Cities, examines the President's proposed budget from an urban perspective. It begins with a general overview of the budget and then addresses the various federal functions that are present in the nation's cities.

The budget is the single most important federal document published each year. It is the vehicle for formulation of national economic and fiscal policy and represents the most significant and comprehensive collection of the priority decisions that the United States government makes in the course of the year.

The Fiscal Year 1988 budget comes at a time of continuing national concern with unemployment, illicit drug activity, public health threats, hunger and homelessness. It also comes at a time when many cities continue to experience deterioration of their infrastructures, and severe economic and fiscal problems. And this year, the deficit reduction target mandated by Gramm-Rudman-Hollings adds to the concern of urban leaders.

This budget analysis is prepared by the staff of the U.S. Conference of Mayors. The Conference, established in 1933, represents the largest cities in America -- those with populations of 30,000 or more. Judgements made in this analysis are based on policies adopted by the members of the Conference.

John J. Gunther  
Executive Director  
U.S. Conference of Mayors

January 6, 1987

OVERVIEW

While some positive points may be found in the Administration's budget proposal for Fiscal Year 1988, on balance it represents a short-term, short-sighted reaction to the federal deficit problem. More specifically, it is a budget proposal dominated by the arbitrary targets of the Gramm-Rudman-Hollings deficit reduction legislation, hemmed in by the Administration's inflexible commitment to escalating defense spending, and by its unwavering opposition to tax increases.

The Administration's proposal for FY88 projects \$1.024 trillion in spending and \$916.6 billion in receipts. The resulting \$107.8 billion deficit is just under the \$108 billion Gramm-Rudman-Hollings deficit target for FY88. The budget projections are based on economic growth assumptions of 3.1 percent in 1987 and 3.5 percent in 1988 (GNP growth in constant dollars). These assumptions are substantially higher than the estimate for 1986 (2.7 percent) and the projections of most private economists. Slower economic growth would cause higher spending and reduced revenues, resulting in a larger deficit than the proposed budget projects.

The FY88 proposal includes spending increases for defense and a number of other programs, but balances these with a \$42.4 billion package of deficit reduction measures in order to meet the Gramm-Rudman-Hollings target. Spending cuts, including many cuts and terminations of urban programs, represent \$18.7 billion of the deficit reduction in the package. \$22.4 billion is derived from "revenue changes" which include new tax collection procedures, sale of federal loans and other assets, and more user fees --

but no tax rate increases or major new taxes. The remaining \$1.3 billion represents reduced interest charges.

The Conference of Mayors has long recognized that the federal deficit must be brought under control and that the nation must maintain an adequate defense. The Conference has also acknowledged that in order to meet these goals without decimating domestic spending programs, increases in federal revenues -- through means other than the personal income tax -- must not be ruled out.

Members of the Conference of Mayors are responsible for planning for the future of their communities. They know that failure to make certain key investments now, whatever the pressure of the moment to hold back on those investments, is to compromise that future, to rob our children and grandchildren of their potential and their heritage.

From this perspective, the deficiencies of the Administration's budget proposal are clear, and they are serious.

- The Administration's proposal would continue the erosion of the federal/city partnership for community and economic development and maintenance of the urban infrastructure. It would again cut funding for Community Development Block Grants, mass transit and housing, would terminate Urban Development Action Grants and the Economic Development Administration, and would phase out construction grants for wastewater treatment plants.
- The budget proposes further spending cuts in the programs which invest in the future of our citizens -- in their education, their health, their safety, their preparation for employment. Postponing investments in these areas is particularly short-sighted; it will lead to higher costs in future years and for future generations. The budget also proposes cuts in many of the programs which provide income assistance and basic support services to the poor -- at a time when hunger, homelessness and poverty are increasing in many of the nation's cities.
- The budget continues the distressing trend of dumping federal fiscal problems on local government through changes in the tax code and other revenue measures; it imposes on state and local governments an additional \$2.5 billion in mandated costs and revenue reductions in FY88. Cities have limited and frequently regressive tax bases, and are in danger of losing their capacity to finance basic services as they must cope with an increasing burden of federal mandates and federal encroachment on local revenues and financing tools. An increased capacity for leadership and action has developed because of the cities' partnership with the federal government over the past several decades; there is now a real threat that federal dumping of fiscal problems at the local level will cripple the ability of city governments to maintain this capacity in the years ahead.

Among the program proposals of particular concern in this budget document are the following:

- The absence of a General Revenue Sharing program in FY88.
- Rescission of \$375 million from the current \$3 billion FY87 budget for the Community Development Block Grant, and reduction of funding to \$2.6 billion in FY88.
- Termination of the Urban Development Action Grant program in FY88, and rescission of all but \$20 million of the current year's appropriation.
- Emphasis on vouchers for assisted housing, with no significant new housing construction.

- Termination of the Economic Development Administration with the rescission of \$125 million of the current year's funding.
- A 60 percent cut in public transportation aid -- from \$3.56 billion in FY87 to \$1.37 billion in FY88.
- A one-third cut in wastewater treatment grants, and termination of the program by FY93.
- A \$4.7 billion cut in Medicare in FY88, and the generation of \$2.3 billion in new revenue, in part from mandatory coverage of state and local employees and increases in the Medicare premium level.
- A \$1 billion cut in Medicaid payments for health care for the poor.
- No new funding for the Section 202 housing program for the elderly.
- Cuts in all three programs providing assistance to state and local governments under the Anti-Drug Abuse Act of 1986.
- A one-fourth cut in funding for education programs, primarily through the elimination of vocational education and major reductions in student financial assistance and loan programs.
- Current fiscal year rescissions of \$332 million in the Job Training Partnership Act.
- Nearly \$800 million in cuts in nutrition programs in FY88.
- Elimination of the Legal Services Corporation and the Work Incentive Program.
- Cuts in several income security programs for the poor, including Aid to Families with Dependent Children, totalling about \$1.15 billion.
- Elimination of all programs providing direct financial assistance to state and local law enforcement agencies.

The shifting of federal revenue problems to local governments takes several forms:

- Extending Medicare coverage to all state and local employees is estimated to cost \$1.6 billion in FY88.
- Repealing the exemptions from gasoline and other highway excise taxes is expected to cost local governments \$600 million in FY88.
- Changing the basis for sharing receipts from mineral leasing and timber sales on federal lands from gross to net receipts would cost state and local governments an estimated \$340 million in FY88.

The President's budget also contains several proposals to create or increase funding for programs of benefit to cities. Among these: a 28 percent increase for AIDS research and education; a \$10 million increase in the Emergency Food and Shelter Program; the addition of nearly \$100 million for acid rain research; the creation of a new \$85 million demonstration program to reduce infant mortality through case management.

With this budget analysis as a base, the Conference of Mayors stands ready to work with the Administration and the new Congress on a federal budget that encourages, not discourages, the development of strong local economies throughout the nation. The Conference stands ready to work toward a federal budget that strikes a true balance between the needs of our citizens and the constraints of current fiscal policy.

## KEY URBAN PROGRAMS

A 10 Year Perspective

(Budget authority in billions)

|                                     | FY78 Actual   | FY88 Proposed |
|-------------------------------------|---------------|---------------|
| Community Development Block Grants  | \$3.6         | \$2.6         |
| Urban Development Action Grants     | .4            | -0-           |
| General Revenue Sharing             | 6.9           | -0-           |
| Urban Mass Transit                  | 2.0*          | 1.4           |
| Employment and Training             | 9.6*          | 3.4           |
| Economic Development Administration | .5            | -0-           |
| Law Enforcement Assistance          | .6            | -0-           |
| Clean Water Construction            | 4.5           | 2.0           |
|                                     | <u>\$28.1</u> | <u>\$9.4</u>  |

Total DECREASE in actual dollars -67%  
 Total DECREASE adjusted for inflation -80%

---

|                                       |         |         |
|---------------------------------------|---------|---------|
| Assisted Housing (in units)           | 338,000 | 102,000 |
| Total DECREASE in households assisted |         | -70%    |

---



---

|                                       |         |         |
|---------------------------------------|---------|---------|
| Defense                               | \$117.9 | \$312.0 |
| Total INCREASE in actual dollars      |         | +164%   |
| Total INCREASE adjusted for inflation |         | +56%    |

---

\*Outlays

## PROPOSED FY88 REDUCTIONS IN SELECTED FEDERAL-URBAN PROGRAMS

| PROGRAM                             | CHANGE IN BILLIONS OF DOLLARS<br>FY87 TO FY88 |
|-------------------------------------|-----------------------------------------------|
| Community Development Block Grant   | - .40                                         |
| Urban Development Action Grants     | - .23                                         |
| HUD Assisted Housing                | -3.90                                         |
| Rental Rehabilitation Grants        | - .13                                         |
| Housing Development Action Grants   | - .10                                         |
| Economic Development Administration | - .19                                         |
| Clean Water                         | - .40                                         |
| Mass Transit                        | -2.10                                         |
| Drug Enforcement                    | - .23                                         |
| Juvenile Justice                    | - .07                                         |
| Justice Assistance                  | - .04                                         |
| Education                           | -5.50                                         |
| Food Stamps                         | - .28                                         |
| Child Nutrition                     | - .47                                         |
| Medicare                            | -4.70                                         |
| Medicaid                            | -1.30                                         |

|                                         |               |
|-----------------------------------------|---------------|
| Social Services                         | - .07         |
| Legal Services Corporation              | - .31         |
| Work Incentive Program                  | - .10         |
| Aid to Families with Dependent Children | - .32         |
| Child Support Enforcement               | - .15         |
| Low Income Home Energy Assistance       | - .60         |
| Refugee and Entrant Assistance          | - .09         |
| <b>TOTAL</b>                            | <b>-21.68</b> |

## AGING

The Administration's FY88 budget requests a number of changes which will adversely affect programs that benefit the elderly. These include no new funding for the Section 202 elderly housing program; reductions in health benefits and increased out-of-pocket expenses in the Medicare program; reductions in aging research and training programs; and the folding-in of funds for nutrition and social services programs of the Older Americans Act with other human service programs.

- The FY88 budget provides no new funds for Section 202 elderly housing (with its accompanying Section 8 rent subsidy). Rather, the Administration will request that 2,000 units (\$91 million of direct loan and \$267 million for rent subsidy) of the 12,000 units funded for FY87 be postponed to FY88.
- The budget proposes that Medicare funding of \$81.9 billion include a number of legislative and regulatory changes to reduce outlays by \$4.7 billion and increase revenues by \$2.3 billion. These proposed actions include: a delay in initial Medicare coverage (\$295 million); reduction in physicians' fees (\$200 million); repeal of a number of new services provided in the Omnibus Reconciliation Act of 1986 (\$323 million); and an increase in Part B premiums (\$571 million).
- The budget proposes that funding for Older Americans Act programs be included within the proposed Social Services Discretionary Programs to be funded at \$2.2 billion, a \$69 million reduction below the current FY87 level. While the budget does not specify the funding level for each of the 26 programs of the proposed consolidated funds, it anticipates the transfer of \$12.5 million (which is half of FY87 funds) for aging research and training. Older Americans Act programs up for reauthorization in 1987 were appropriated in FY87 at \$725 million; these include: support services and centers (\$270 million); congregate meals (\$348 million); home-delivered meals (\$74 million); and training and research (\$25 million).

In 1986 the Census Bureau reported that the number of persons aged 65 or older living in poverty had increased 126,000 (3.5 million in 1985 compared to 3.3 million in 1984), representing the highest poverty rate (12.6 percent) among adults. Each day over 5,000 persons reach the age of 65; this represents a net increase of over a half-million each year. At a time of increasing numbers of older persons, particularly the very old, combined with proposed cuts in many federal programs that directly and indirectly benefit the elderly, cities are being asked to assume increased responsibilities.

## ARTS AND HUMANITIES

National Endowment for the Arts (NEA)

The FY88 Administration budget request for the National Endowment for the Arts is \$145.2 million. The request is \$19.9 million, or 12 percent, less



than the \$165.1 million in funds appropriated by Congress in FY87. Programs in the NEA of special interest and support to cities are the Design Arts Program, the Visual Arts Program, and the Local Programs, which help to support local arts agencies.

#### National Endowment for the Humanities (NEH)

The National Endowment for the Humanities supports research, scholarship, education, and general audience programs in the humanities. The Administration's FY88 budget request is \$126.89 million, or \$15.6 million (10.9 percent), less than the Congressional FY87 appropriation of \$142.49 million. NEH programs of importance to cities include humanities instruction in elementary schools, secondary schools, and institutions of higher learning, many of which are in cities; fellowships and seminars for college and secondary school teachers, independent scholars, and younger scholars; public humanities projects; and humanities projects in museums, historical organizations, and libraries.

#### Institute of Museum Services (IMS)

The Institute of Museum Services provides funds through annual, competitive grant programs to help the nation's museums meet operating expenses and conservation needs. In its FY88 budget request, the Administration has requested \$19.25 million for the IMS, a substantial increase over its \$330,000 request in FY87. Still, this represents a decrease of \$2 million from the FY87 Congressional appropriation of \$21.25 million.

### COMMUNITY DEVELOPMENT AND HOUSING

#### Community Development

In the Administration's FY88 proposal, Community Development Block Grants (CDBG), funded at \$3 billion in FY87, would face a \$375 million rescission, of current budget authority; the lower FY87 funding level produced by the rescission, \$2.6 billion, is proposed again for FY88. To accompany the cut in CDBG the Administration would develop a targeting plan to direct funds to communities showing the greatest need. The budget also proposes that new housing construction be considered an eligible CDBG activity.

The budget proposes that the Urban Development Action Grant (UDAG) program be terminated. The Administration also proposes to rescind all but \$20 million of the FY87 UDAG appropriation of \$225 million. This would include the January metro round. The Section 312 Rehabilitation Loan and Section 108 Loan Guarantee programs are also terminated.

#### Housing

The Administration proposes to continue to emphasize vouchers as the "cornerstone" of its housing policy. Hence, the budget proposes to provide 99,000 additional vouchers (79,000 Housing and Urban Development vouchers and 20,000 Farmers Home Administration vouchers). In addition, the budget proposes to provide 3,000 units of new housing construction specifically for Indians and for the elderly and handicapped. In sum, the Administration proposes to provide 102,000 additional households with subsidies in FY88.

As for public housing, the budget proposes \$1 billion for modernization, and \$1.462 billion for public housing operating subsidies. The Administration proposes a shift of \$436.9 million of public housing modernization FY87 funds to FY88, which would result in a \$1 billion program for each fiscal year. The budget also proposes that \$85.3 million of appropriated public housing operating funds be shifted from FY87 to FY88. According to HUD, these shifts are not deferrals under the Impoundment Control Act. Supplemental language will be sent to Congress to request the shift of these funds.



There are a number of other rescissions of FY87 funds in the FY88 budget: 2,500 units are rescinded from the appropriated 7,500 for Section 8 Moderate Rehabilitation; the entire appropriated \$99.5 million for Housing Development Grants (HoDAG) is rescinded; \$125 million of the \$200 million appropriated for Rental Rehabilitation is rescinded, leaving \$75 million. The Rental Rehabilitation program would be funded at \$75 million in FY88.

#### DEFENSE

Total defense spending authority would increase to \$312 billion under the Administration's budget proposal for FY88, about a 3 percent increase in after-inflation dollars from the level approved by Congress for FY87. Defense spending represents 29 percent of total proposed spending for FY88. In addition, the Administration is requesting a \$2.8 billion supplemental appropriation for defense in the current budget year. To accommodate the additional defense spending without increasing the FY87 budget, the Administration is proposing rescissions in non-defense program spending already appropriated for this year, including cuts in priority city programs.

#### DRUG CONTROL

The budget proposes sharp reductions in FY88 in the funds provided by the Anti-Drug Abuse Act of 1986 to assist state and local governments in combating the drug epidemic: 1) No funds are included for assistance to state and local law enforcement (\$225 million was authorized for this in FY87); 2) the \$252 million included in the Act for research and treatment is to be spread over FY87 and FY88; and 3) \$100 million is included for drug education; this is half of the FY87 level.

Funding for the Alcohol, Drug Abuse and Mental Health Block Grant will continue at the current level of \$495 million.

The budget requests an additional \$61.3 million to increase personnel in the Drug Enforcement Agency, the Federal Bureau of Investigation, U.S. attorneys' offices and other parts of the Department of Justice.

#### ECONOMIC AND BUSINESS DEVELOPMENT

A major change from previous Administration budgets is the continued funding for the Small Business Administration, although this would be at the cost of terminating the Minority Business Development Agency within the Department of Commerce. In previous years, the Administration has proposed the opposite: the consolidation of SBA's programs into MBDA. In FY88, it is proposed that MBDA's programs be consolidated into SBA's Office of Minority Small Business and Capital Ownership Development. The Administration also proposes the sale of a portion of SBA's related loans in the government's portfolio.

Once again, the Administration proposes the elimination of the Economic Development Administration. The Administration also proposes a rescission of \$125 million to terminate the EDA's assistance programs this year.

The International Trade Administration, which has responsibility for trade development and administration, is to receive a slight increase in its proposed budget, while the U.S. Travel and Tourism Administration will continue to be funded at \$12 million, only if new user fees are collected from the travel industry.

## EDUCATION

The Administration proposes rescissions of approximately \$2.5 billion in this year's \$19.5 billion budget for the programs under the Department of Education, and further cuts of \$3 billion in FY88. This effectively cuts the Department's budget by about one-quarter, reducing it to \$14 billion in FY88. Three programs absorb the bulk of the proposed cuts. Vocational education, for which \$900 million was appropriated in FY87, is proposed to be eliminated in FY88. Student financial assistance is proposed to be reduced from \$5.5 billion in FY87 by a \$1.3 billion rescission, and to be further reduced from this level to \$3.3 billion in FY88. The Administration proposes a rescission that would cut guaranteed student loans from the estimated FY87 level of \$3.3 billion to \$2.7 billion, and then to reduce the program further to \$1.2 billion in FY88.

## EMPLOYMENT AND TRAINING

Funding for employment and training would increase to \$4.4 billion in FY88 from the current level of \$3.7 billion. Funding for the Job Training Partnership Act (JTPA) would be reduced to \$3.4 billion in FY88, but a new program for displaced workers is proposed, with funding requested at \$980 million. The budget proposes two new initiatives.

The first new initiative is the \$980 million, redesigned worker adjustment program which would meet the needs of all dislocated workers, regardless of their reasons for unemployment. Funding would be generated by the transfer and/or rescission of funds in Employment Services and Unemployment Insurance; also an estimated \$640 million would come from new revenues.

The second requests an amendment to Title II of JTPA, replacing the current Summer Youth Employment Program with a program allowing local areas to provide additional services. These services could include a year-round training program for AFDC youth between the ages of 14 and 21. Local areas would have the option of utilizing this new program or continue with the traditional summer (II-8) program for economically disadvantaged youth. This program would be funded at \$800 million, representing an increase in FY88 of \$50 million over the \$750 million authorized for the Summer Youth Employment Program for FY87.

A rescission of \$332 million is proposed in FY87 for the Employment and Training Services function, including reductions in the Block Grant, SYEP, and the Dislocated Worker (Title III) Assistance Program.

The FY88 budget request includes \$1.78 billion for the basic grants, a continuation of the FY87 dollar level.

The Job Corps program, which provides remediation and vocational skills training to disadvantaged youths between 16 and 21 years of age, would remain at approximately the current funding level (\$651.7 million) in order to maintain all existing centers.

Other Programs

The Administration is requesting \$200.9 million for National Programs for FY88. This would include assistance to Native Americans, migrants and seasonal farmworkers, veterans, national commissions and pilot demonstration efforts. This represents approximately \$9 million less than was appropriated for FY87.

The WIN program is again slated for elimination. This program is designed to help AFDC recipients obtain employment.

The Comprehensive Community Service Employment Program would remain at the FY87 level of \$326 million. This jobs program is authorized under Title V of the Older Americans Act.

The Administration proposes to eliminate all federal support for vocational education; \$900 million were appropriated in FY87.

#### The Program Year

JTPA established a nine-month forward-funding cycle by creating a program year period which begins July 1 and ends June 30. The FY88 budget proposal for JTPA is for expenditures that will begin on July 1, 1988 and run through June 30, 1989. The newly-proposed dislocated worker program would operate on a normal fiscal year basis, as opposed to its current JTPA program year basis.

### ENERGY

The Administration's FY88 budget proposal for the Department of Energy is \$13.9 billion, a 10 percent increase over the FY87 budget. Actual program activity, however, is essentially unchanged, due to substantial funds that were carried over to FY87 from prior years. Budget requests for defense activities and nuclear waste activities are up slightly again this year; but programs of importance to cities are sharply curtailed, and \$256.7 million in FY87 rescissions--mostly from urban programs--are being proposed to Congress.

In the research and development area, the largest cuts are in conservation research and development at \$80.1 million, down from \$161.1 million in FY87; solar and other renewables at \$93.6 million, down from \$146.3 million; and fossil energy at \$169.4 million, down from \$301.9 million last year. These programs also are the targets of \$75.6 million in proposed rescissions for FY87.

The Administration proposes no federal funds in FY88 for the conservation grants program, which has provided funds to state and local governments to undertake energy conservation measures. The budget document notes that the states have available large sums specifically earmarked for conservation and other energy-related activities from settlement of oil pricing and allocation violations. In addition, rescission of \$112.4 million in FY87 funds is proposed, thus limiting FY87 funds for this program to \$134 million in non-federal funds from oil overcharge settlements.

In this year's budget document, the Administration restated last year's proposals for selling the Naval Petroleum Reserves at Elk Hills (CA) and Teapot Dome (WY) and the five power marketing administrations.

### ENVIRONMENT

The Administration's budget for environmental programs, for the first time in years, calls for increases in funding for some very important programs to cities. Still, in perhaps the largest of all federal urban environmental programs - the Construction Grant Program for wastewater treatment plants - the Administration has again called for program termination by FY93. A closer look at the budget reveals:

- The Funding of Construction Grants at \$12 Billion Through FY93 - This funding amount is \$6 billion less than that level which would have been authorized by the Clean Water Act, pocket vetoed by the President at the close of the 99th Congress.
- Operating Program Workyears Reduced by One Percent at EPA - The EPA operating budget supports basic implementation of federal environmental programs and assistance. While most programs lose proportionally in the FY88 budget, water quality programs lose the most, with small

increases proposed in pesticides and hazardous waste. In addition state and local grants for environmental programs are up \$9.5 million over FY87.

- Addition of Clean Coal Technology Demonstrations and Acid Rain Research - The budget, in an effort to implement the Special Envoys' Report on Acid Rain, calls for \$96.5 million in acid rain research. Included in this amount is \$7 million for retrofitting coal fire burners.
- Creation of a Well Head Protection Planning Program at State Level - Included in the funding request for the implementation of the Safe Drinking Water Act is \$8 million for state well head protection planning programs.
- Superfund - Under the Superfund Amendments of 1986, an independent source of funding -- the superfund environmental tax -- was legislatively created. This new funding source is expected to generate \$1.6 billion in superfund revenues for FY88; this is the amount being requested by the Administration. However, the Administration's request is still \$225 million less than the authorization level.

#### FISCAL ASSISTANCE

The Administration proposes no funding for General Revenue Sharing grants in FY88; \$228,000 in outlays would be provided for staff and other expenses associated with closing down the Treasury Department's Office of Revenue Sharing. A small Interior Department program of payments-in-lieu of taxes would remain at the FY87 level of \$105 million. However, the Administration is again proposing that sharing with state and local governments of receipts from mineral and timber exploitation on federal lands be on a net rather than the traditional gross basis; this change would reduce state and local receipts from \$800 million in FY86 to \$460 million in FY88, for a loss of about \$340 million.

#### FOOD STAMPS AND NUTRITION

The FY88 budget proposes \$11.7 billion for the Food Stamp Program, a reduction of \$109 million from FY87 funding and \$278 million less than provided for in current law. The Administration proposes to cut \$264 million by withholding funds from states for erroneous food stamp payments. Nutrition assistance for Puerto Rico is proposed at \$825 million in FY88, a reduction of \$27 million from FY87, which returns the program to the level it was at when it was enacted in 1982.

Supplemental nutrition assistance for Women, Infants, and Children (WIC) is proposed at \$1.7 billion, an increase of \$24 million from FY87. This amount will support 3.3 million participants per month, less than the 3.4 million participating under the FY87 program. Proposed cuts in child nutrition programs total approximately \$470 million below the FY87 funding level. The largest cut is in the school lunch program--from \$2.8 billion in FY87 to \$2.5 billion in FY88; the Administration is proposing to eliminate nutrition subsidies for meals served to children from families with incomes above 185 percent of the poverty level. Funding proposals for other child nutrition programs are as follows: school breakfast (\$454 million or \$2 million more than FY87); child care feeding (\$373 million, \$163 million less than FY87); and summer feeding (\$115 million, \$12.8 million less than FY87). The Administration proposes to eliminate the special milk program (\$18.3 million in FY87) and nutrition education and training (\$5 million in FY87). As in past years, the FY88 budget calls for the elimination of the temporary emergency food assistance program, which is presently at \$50 million.

## HEALTH

The President's FY88 budget proposes large reductions in spending for federal programs affecting the health of city residents: overall, the Administration proposes a \$6.7 billion reduction in major medical programs from the projected FY88 level of spending for current services. The largest federal health program, Medicare, providing health insurance for the elderly, poor and disabled, is scheduled for a \$4.7 billion reduction from current services and an increase of \$2.3 billion in revenue generated through legislative and regulatory initiatives. Proposed alterations for this program include increasing revenues through mandatory coverage of all state and local employees (\$1.6 billion); increasing Medicare Part B premiums to 25 percent for current enrollees, 35 percent for new enrollees and 50 percent for third party payers (\$571 million); and repealing provision of last year's budget law which expanded coverage to vision care, additional occupation therapies, and the services of physician assistants (\$323 million).

(The budget document contains no mention of the expansion of the Medicare system to cover catastrophic health insurance, proposed last November by Department of Health and Human Services Secretary Otis Bowen in response to President Reagan's "State of the Union" address request.)

Administration proposals for Medicaid, the federal health care program for the poor, would limit federal payments to \$25.4 billion in FY88, a \$1.3 billion cut from current spending projections. Additionally, the President's budget would reduce spending by \$360 million in FY88 through the elimination of all special matching rates for state and local administrative costs, including fraud control, and would reduce matching payments for excessively high administrative costs. The Administration proposes to undertake a new \$85 million initiative to reduce infant mortality through demonstration and waiver projects to provide comprehensive case management to pregnant women, including teenagers.

Funding for AIDS research and education is requested at a \$534 million level, a \$118 million increase (28 percent) over the FY87 amount. Funding for major block grants (Maternal and Child Health, Community Centers and Preventive Health Services) are retained at their FY87 levels (\$478 million, \$400 million and \$90 million, respectively). In addition, the Administration's budget would rescind \$74 million in FY87 funds for the care of "high income" non-service-disabled veterans.

## HUMAN SERVICES

In the Administration's FY88 budget request, a variety of social service programs, including Head Start, child welfare and Older Americans Act programs would be combined in a "generic appropriation request" for social services discretionary programs of \$2.2 billion, \$69 million below the FY87 level for these programs. The FY88 budget published by the U.S. Department of Health and Human Services explains that "this generic request is in no way a block grant consolidation proposal," and that funding allocations among the programs included would be made by the Department. Several discretionary programs now under family social services would be transferred to the generic appropriation, leaving only the foster care and adoption assistance entitlements in that category.

Supplemental funds of \$165 million are requested for family social services for FY88; all but \$43 million of these funds would come from other programs, including aging research, child welfare services and the Social Services Block Grant. Funding for the Social Services Block Grant is requested at \$2.7 billion, the FY87 level.

Both the Legal Services Corporation and the Work Incentive Program are slated for elimination in FY88. FY88 funding of \$310 million, \$58 million below the FY87 level, is proposed for the Community Services Block Grant, to begin a phase-out of the program, according to the budget document.



### Homelessness

For the first time the Administration proposes funding that relates to homelessness. For FY87 Congress appropriated \$70 million for the Emergency Food and Shelter Program administered by the Federal Emergency Management Agency; the Administration proposes \$80 million for this program in FY88. In FY87 Congress also provided \$10 million for a shelter rehabilitation program administered by the Department of Housing and Urban Development; the Administration requests no funds for this program in FY88. The transitional housing demonstration program, funded by Congress at \$5 million in FY87, would be continued at its current level in FY88. Funds for the National Institute of Mental Health's Community Support Program would increase, with \$20 million to be available (a \$5 million increase over FY87) for demonstrations that provide mental health services to the homeless mentally ill.

### IMMIGRATION REFORM

The FY88 budget includes funding to implement the Immigration Reform and Control Act, passed by the 99th Congress. This landmark immigration bill legalizes certain illegal aliens; reimburses state and local governments for four years for the cost of providing benefits to those legalized through the bill; prohibits the hiring of illegal aliens; establishes a special legalization program for foreign agricultural workers; and increases border enforcement. The Administration is proposing \$216.5 million for the Immigration and Naturalization Service and for other agencies of the Department of Justice to implement the new law in FY88. The budget request also includes a FY87 supplemental appropriation of \$138 million for INS to start carrying out the legislation. An additional \$149 million is expected to be obligated in FY87 and \$181 million in FY88 from fees charged to applicants of the legalization program. The FY88 budget also includes \$928 million for the Social Security Administration of the Department of Health and Human Services to reimburse states for the cost of providing financial, medical and educational assistance to newly legalized aliens.

### INCOME SECURITY

While outlays for social security are estimated to increase by \$12 billion to \$217 billion in FY88, several income security programs which benefit the poor, including Aid to Families with Dependent Children (AFDC), Child Support Enforcement, the Low Income Home Energy Assistance Program (LIHEAP), and refugee and entrant assistance all are slated for cuts.

AFDC would be cut by \$322 million below the current services level by ending caretaker benefits when the youngest child turns 16, collecting quality control disallowances prospectively from the states, and requiring single minor parents to live with their parents to be eligible for AFDC, and through a series of work and training proposals. Child Support Enforcement would be cut \$146 million by reducing federal matching of administrative costs and limiting incentive payments to those states which have higher cost effectiveness ratios.

LIHEAP would be reduced by one-third to \$1.2 billion, recognizing the "oil overcharge settlements available to states for these purposes," according to the budget document.

Refugee and entrant assistance would be cut by over one-fourth, from \$340 million in FY87 to \$253 million in FY88, with these cuts coming primarily from reimbursement to state and local governments for cash and medical assistance, social services and administrative costs.

No cuts are proposed for Supplemental Security Income. The budget proposes changes in unemployment compensation that would transfer to the states authority, financing and responsibility for administration of the state



unemployment insurance and employment service systems. The budget does not include any of the Administration's welfare reform proposals.

#### PUBLIC SAFETY

The Administration's FY88 budget request for the Department of Justice is \$5.6 billion, a seven percent increase over the FY87 level. The largest increases proposed are in the areas of immigration reform and prison expansion, but the budget contains no funds for the five programs, administered by the Office of Justice Programs, which currently provide financial assistance to state and local governments' criminal justice systems: the Juvenile Justice Program (\$67.6 million), the State and Local Assistance Program (\$44.4 million), the Regional Information Sharing System (\$12 million), the Mariel Cuban grant program (\$5 million) and the State and Local drug enforcement grants authorized under the Anti-Drug Abuse Act of 1986 (\$225 million). The combined budget request for the National Institute of Justice and the Bureau of Justice Statistics is \$42.4 million, eight million dollars over FY87 levels. Funding for other programs of the Office of Justice Programs would remain at current levels: \$4 million for the missing and exploited children program; \$10 million for the public safety officers' benefits program. \$1.2 million is requested for the emergency assistance program. DOJ's FY88 budget request includes \$1.5 billion for the Federal Bureau of Investigation, a \$181 million increase over FY87. An increase of \$32 million, or a total of \$522 million, is proposed for the Drug Enforcement Administration.

The FY88 budget request for emergency management planning and assistance activities, administered by the Federal Emergency Management Agency, is \$276.8 million, a \$15 million increase over FY87 levels.

#### TRANSPORTATION

The Administration's proposed FY88 transportation budget, much like those rejected by Congress in the past, calls for large scale reductions in transportation programs vital to cities. The budget provides no general funds for highway and mass transit and at the same time imposes a \$600-million-a-year tax on state and local governments to fund the remaining programs. This tax would be in the form of a nine-cent-per-gallon tax on gas. State and local governments are currently exempt from paying the gas tax.

Specifically the president's budget calls for the:

- Elimination of Funding for Mass Transportation - The budget proposes to eliminate funding for mass transit programs from the general fund. In order to accomplish this, the budget would eliminate the development of any new transit systems and fund those already on line at 40 percent of current levels. The source of this 40 percent would be the mass transit account of the trust fund.
- Limitation of Highway Funding to that Amount Generated by the Gas Tax - The budget states that the funds authorized for highway construction exceed the revenues generated by the gas tax, however, the Administration's figures do not include the interest generated annually by the trust fund. They feel these funds are not user fees therefore not attributable to the program.
- Increase in Federal Aviation Administration's Funding - The budget calls for an increase of \$437 million for the nation's air traffic control and navigation systems, including 225 additional air traffic controllers.
- Sale of Amtrak - For the third consecutive year the budget proposes to eliminate the federal subsidy to Amtrak. This year, the additional step of selling the railroad has been added. The budgetary result of

this, regardless of its likelihood of success, is that one billion new revenue dollars are credited toward deficit reduction.

#### VETERANS

The Veterans Administration provides wide-ranging services to the United States' 27.7 million veterans, 48.7 million members of their families, and two million survivors of deceased veterans. Its health care, pension, compensation, education, and housing assistance programs have important impacts on the economies of urban areas and the well-being of many residents of our cities. The Administration's proposed FY88 budget includes an appropriation of \$27.6 billion, a two percent increase over FY87 appropriation levels. The budget includes four areas of particular interest to cities: 1) It proposes legislation increasing the loan origination fee charged on VA-guaranteed housing loans from the current one percent to 2.5 percent effective June 1, 1987; estimates indicate that this would increase the average fee from \$650 to about \$1,625 per mortgage. 2) The budget proposal would rescind \$74 million in medical care funds already appropriated in FY87 for the care of "high income" non-service-disabled veterans. However, patients in this group would be able to receive care on a space available basis. 3) The Administration proposes to index compensation benefits--entitlements paid as either a disability benefit or a survivorship benefit--to the annual change in the Consumer Price Index. This cost-of-living increase, which would be effective with payments made in January 1988, is expected to be 3.5 percent for 1987. And, 4) the budget requests a \$136 million reduction in funds for readjustment benefits for dependents and Vietnam-era veterans. This reduction is based on an estimated 22 percent decline in the Vietnam-era veterans and dependent caseload.

STATEMENT OF CHARLES P. PIZZI, DIRECTOR OF COMMERCE,  
CITY OF PHILADELPHIA

Mr. Chairman, Members of the Subcommittee:

I am Charles Pizzi, the Director of Commerce for the City of Philadelphia. As Director of Commerce, I am responsible for airport and economic development for the City. I want to thank the Subcommittee for the opportunity to advise you of a matter of great importance to our tri-state region and for which we seek your support.

Philadelphia critically needs sufficient funds under the FAA's Airport Improvement Program to enable the City to complete several major development projects at Philadelphia International (PHL) and Northeast Philadelphia Airports (PNE). The people of the Philadelphia tri-state area are very grateful for this Subcommittee's support in the past and its recognition of the City's AIP needs in last year's report language. We also greatly appreciate the leadership and support on this issue by you, Mr. Chairman. We hope for your continued support.

I. PHILADELPHIA NEEDS \$41 MILLION IN AIP  
FUNDS FOR FY 1987 THROUGH FY 1989

- A. Philadelphia International and Northeast Philadelphia Airports Must Be Expanded to Meet the Tri-State Region's Demand for More and Improved Air Transportation Services.

The City is the owner and operator of two airports, Philadelphia International Airport and Northeast Philadelphia Airport. Together, they serve the entire tri-state region of Pennsylvania, New Jersey and Delaware, a metropolitan area of about 6 million people. Philadelphia International is a primary airport, while Northeast Philadelphia is a reliever airport.

In 1986, Philadelphia International handled 13 million passengers and 378,000 flight operations. Even though Philadelphia International's traffic places it among the nation's top twenty leading airports, its ranking is relatively low given that the airport serves the nation's fifth largest metropolitan area. Expansion is necessary to give the tri-state region the increased service it needs and deserves.

PHL went through its last major facilities expansion phase in the early 1970s with the construction of the existing passenger terminals and a second parallel runway. Since then, while most other airports have expanded, PHL has been relatively stable. However, traffic at PHL increased significantly during this ten-year period. Between 1976, when the existing passenger terminals opened, and 1986, the number of passengers at PHL has risen from 8 million to 13 million per year, an additional 5 million passengers per year, or an increase of 60 percent. For the twelve months ended March 31, 1987, the number of passengers was up to 13.5 million, 16 percent over the prior twelve-month period. The number of air carrier and commuter operations has gone from 209,000 in 1976 to 307,000 in 1986, an additional 98,000 operations per year, or a 50 percent increase.

This dramatic growth in traffic will be continuing. USAir and Eastern Airlines have recently established hubs at PHL; United Parcel Service has started construction of its new \$130 million East Coast distribution hub, which will begin operations in 1988; and three airlines recently approached us with plans for substantial expansion. As a result of this tremendous increase in traffic over the past decade and the increase expected in the next few years, PHL

now must catch up and expand its facilities to meet the aviation needs of today and the 1990s.

The Department of the Transportation and the FAA have clearly recognized the seriousness of our capacity problem and the need for expansion at PHL. Just two weeks ago, FAA Administrator Engen notified Governor Casey of the need to expand PHL's capacity. In March 1987, the Department of Transportation authorized airlines at several airports to engage in scheduling discussions to alleviate congestion during certain peak hours. Out of all the airports in the country, the DOT determined that congestion problems were serious enough to warrant discussions for only five airports, one of which was PHL. As we pointed out in our comments to the proposed order in that proceeding, Mr. Chairman, we believe in the proposition that the best way to handle congestion problems is by expanding capacity to meet increased demand, not by cutting back on service. We are determined to adopt the positive approach by taking on projects that will help us serve the tri-state region.

We also must point out that several of our projects must be completed as soon as possible simply to maintain existing service, much less expand! We understand that projects involving the rehabilitation of existing facilities do not always get the same attention as the construction of bright, shiny new facilities, but these projects are just as critical to our overall capacity. Without them, service will simply deteriorate. We cannot let this happen and will do everything we can to keep it from happening, working with you and this Subcommittee and our Congressional delegation in the Senate and the House.

B. Philadelphia International and Northeast Philadelphia Airports Have Several Important Projects Requiring AIP Assistance.

To complete the necessary projects at PHL, Philadelphia has issued \$94 million worth of bonds and is considering an additional \$60 million bond issuance in the near future. In addition, every dollar of revenue generated by the airports is plowed back into the airports to cover expenses. Despite the City's efforts, these funds are simply not enough to get the job done. We will also need \$41 million in AIP funding for the three-year period FY 1987 through FY 1989. The City has received \$5 million in AIP entitlement funds for FY 1987. Assuming we receive similar amounts in both FY 1988 and FY 1989, our total AIP entitlement funds for the three years would be \$15 million. Thus, Philadelphia will need an additional \$26 million in AIP discretionary funds for FY 1987 through FY 1989.

The various projects the City is undertaking, the reasons they are so critical to operations at PHL and the specific AIP funding needs are as follows:

1. The International Terminal.

The City's largest aviation project is the construction of a new International Terminal at PHL. International flights presently use a converted hangar that is about 40 years old. Replacement of this aged facility is long overdue. The new terminal will have 11 gates, customs and immigration facilities, and the capacity to handle 500,000 passengers per year. The construction project includes terminal facilities, aprons, aircraft loading bridges, and related improvements to baggage claim roadways. Design and engineering work is underway, construction will start this



year, and the project is scheduled for completion in 1989. As evidence of the desperate need for this project and the City's commitment to it, the City has issued revenue bonds to cover about \$54 million of the project costs.

The major portion of the International Terminal project for which we are seeking AIP assistance is the construction of the apron for the terminal. Construction will start this year and will be completed in late 1988. The estimated cost for this project is \$20 million. Accordingly, we have been seeking \$15 million in AIP funds. We spent \$2.9 million of our FY 1986 AIP funds for this project, will use \$3.4 million of our FY 1987 AIP money and will need an additional \$8.7 million in AIP funds in FY 1988.

The second phase of the International Terminal project is the construction of a new apron for commuter aircraft. These aircraft, which comprise a substantial portion of PHL's traffic, presently use an apron near the site of the new International Terminal. With the development of the Terminal, this apron will no longer be available to commuter aircraft, and a new apron and service road must be completed in the next few months. This project is underway and will require \$3.8 million in AIP funds, \$2.3 million in FY 1987 and \$1.5 million in FY 1988.

## 2. Taxiway Construction and Runway Restoration.

Seven taxiways must be constructed to accommodate PHL's overall expansion, including the International Terminal and the United Parcel Service facility. These taxiways will have a direct and immediate impact in increasing PHL's airfield capacity. The total cost will be about \$13 million. The City will pay \$5.5 million of the costs and needs about \$7.5 million in AIP funds for the remainder. About \$500,000

will be used for design work in FY 1987; \$3.3 million will be spent for construction during FY 1988, and the balance of \$3.7 million will be used in FY 1989.

One of PHL's two primary runways, 9R-27L, is showing signs of wear and must be restored. While the restoration work will result in some disruption of air service, it simply has to be done if we are to maintain capacity. Since the taxiway construction will affect operations on 9R-27L, it makes sense to do the runway restoration along with taxiway construction. Thus, the runway design work will be done in FY 1988 and the actual restoration work in FY 1989. The total cost will be \$5.5 million, of which \$4.125 million would be in AIP funds. About \$350,000 will be needed for design work in FY 1988 with the balance of \$3.775 million needed for construction work the following year.

### 3. Passenger Terminal Apron Rehabilitation.

The aprons at the existing passenger terminals were originally built in the 1950s, over 30 years ago, and must now be rehabilitated. The City has developed a multiphased plan to perform the work, with replacement of the apron between the International Terminal and Terminal B as the first phase. To complete this necessary project most efficiently and with as little disruption to services as possible, we must coordinate it with construction of the International Terminal apron. Accordingly, work must be started in FY 1988 and completed in FY 1989. The estimated cost of this first phase is \$2.9 million, or about \$2.2 million in AIP funds.

The second phase, the rehabilitation of the apron between Terminals B and C, will be accomplished in FY 1989.

The total estimated cost is \$5.1 million, or about \$3.8 million in AIP funds.

4. Central Heating, Ventilation and Air Conditioning System.

Another area where we urgently need to make improvements in PHL's HVAC equipment, which consists of several separate units that are more than 15 years old. These units are inefficient, waste energy, and are in constant need of costly repair and maintenance. The City is undertaking a major project to replace these old HVAC units with one energy-efficient, central unit. The project will cost \$15.6 million, almost \$11 million of which will be provided by the City. The City is seeking \$4.7 million in AIP funding for the remaining costs to cover the public areas of the terminal.

5. Northeast Philadelphia Airport.

Northeast Philadelphia Airport, a reliever airport which handled 193,000 operations in 1986, is an important component in the region's air transportation system. In FY 1989, the City will construct a taxiway and service road to accommodate growth at the airport. The estimated cost of the work is \$3.2 million. Accordingly, the City is seeking \$2.9 million in AIP funds for the project.

As we have indicated, for the City to complete these projects, and thus be able to meet the current air transportation needs of our large and populous tri-state region, will require substantial discretionary funds in addition to what Philadelphia would normally receive under the entitlement program. Mr. Chairman, I wish to put this request into

its proper context by pointing out that, except for \$1 million in FY 1986, Philadelphia has not received discretionary funds since FY 1981. Thus, the City's current AIP funding needs are not large if viewed as being spread out over the eight-year period FY 1982 through FY 1989 rather than the three-year period FY 1987 through FY 1989.

The Administration's budget guidelines for grants-in-aid to airports for FY 1988 stated that projects that increase airport capacity will receive priority. Our projects meet that criterion. Furthermore, Mr. Chairman, these projects are critical if Philadelphia is to have a safe, efficient air transportation system capable of meeting the current needs of one of the nation's largest metropolitan areas.

Accordingly, we urge the Senate Transportation Appropriations Subcommittee to (1) fully fund the AIP at the maximum level for FY 1988 and, when funding comes up next year, for FY 1989; and (2) recommend that the FAA give priority consideration for awarding the necessary discretionary funds for Philadelphia's projects.

C. AIP Reauthorization.

While we understand that this Subcommittee is considering the issue of AIP appropriations rather than AIP reauthorization, we felt it would be useful to outline briefly our views on reauthorization.

We strongly urge Congress to enact legislation which will reauthorize the AIP, in a timely fashion and as recommended by the joint AOCI/AAAE proposal. Specifically, we recommend that Congress:

1. Authorize \$1.8 billion in FY 1988 with \$100 million increases each year for FY 1989 through FY 1992. This spending level would be achieved by distributing the tax revenues to be collected as well as the existing surplus in the Airport and Airway Trust Fund. Such action would come much closer than the Administration's proposal to providing needed funding levels;
2. Reauthorize AIP for at least five years -- to provide predictability and permit orderly planning;
3. Include safeguards to ensure that Trust Funds are spent as directed by statute, such as:
  - A. suspension or reduction of user taxes;
  - B. an airport option to adopt a passenger facility charge; and
  - C. taking the Trust Fund off-budget and exempting it from budget cuts under Gramm-Rudman

-- so that air transportation designated dollars do not become hostage to budget or other considerations extraneous to air transportation; and
4. Revise the entitlement formula to reflect air cargo.

## II. CONCLUSION

Mr. Chairman, I thank you for the opportunity to advise this Subcommittee of our AIP funding requirements for Philadelphia International Airport and Northeast Philadelphia Airport. The tri-state region greatly appreciates the support you have given us in the past and hopes to receive your continued support.

STATEMENT OF ROBERT J. AARONSON, DIRECTOR OF AVIATION, PORT AUTHORITY OF NEW YORK AND NEW JERSEY, AND FIRST VICE CHAIRMAN OF THE AIRPORT OPERATORS COUNCIL INTERNATIONAL, ON BEHALF OF THE AIRPORT OPERATORS COUNCIL INTERNATIONAL AND THE AMERICAN ASSOCIATION OF AIRPORT EXECUTIVES

MR. CHAIRMAN AND MEMBERS OF THE SUBCOMMITTEE:

I AM ROBERT J. AARONSON, DIRECTOR OF AVIATION FOR THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY, AND FIRST VICE-CHAIRMAN OF THE AIRPORT OPERATORS COUNCIL INTERNATIONAL (AOCI). I AM PLEASED TODAY TO TESTIFY ON BEHALF OF AOCI AND THE AMERICAN ASSOCIATION OF AIRPORT EXECUTIVES (AAAE) ON THE CRITICAL FUNDING NEEDS OF OUR NATION'S AIRPORTS AND THE REAUTHORIZATION OF A NEW AIRPORT IMPROVEMENT PROGRAM (AIP) BEGINNING IN FISCAL YEAR 1988.

OUR ORGANIZATIONS REPRESENT JOINTLY AIRPORTS WHICH ENPLANE MORE THAN 99 PERCENT OF THE PASSENGERS IN THE U.S. AND MORE THAN 1200 AIRPORT EXECUTIVES RESPONSIBLE FOR MANAGING AIRPORTS OF ALL SIZES THROUGHOUT THE COUNTRY. COMBINED, OUR ORGANIZATIONS REPRESENT A CONSENSUS OF OPINIONS FROM ALL CATEGORIES OF AIRPORTS.

WE ARE PLEASED TO BE PROVIDING A UNIFIED POSITION ON BEHALF OF AIRPORTS FOR THE REAUTHORIZATION OF THE AIRPORT AND AIRWAY IMPROVEMENT ACT OF 1982. BUT TO PREFACE OUR RECOMMENDATIONS FOR A CREDITABLE TRUST FUND PROGRAM FOR THE NEXT HALF-DECADE, WE WISH TO REVIEW THE FUND'S PAST PERFORMANCE FROM THE AIRPORTS' PERSPECTIVE. VERY SIMPLY, MR. CHAIRMAN, THE AVIATION TRUST FUND IS BROKEN, AND IT NEEDS TO BE FIXED. PRESENTLY, THE TRUST FUND IS GENERATING \$3.5 BILLION PER YEAR IN TAX REVENUES WHILE THE TRUST FUND SURPLUS IS GROWING BY MORE THAN \$1 BILLION PER YEAR.

#### AIRLINE PASSENGERS ARE BEING OVERTAXED OR UNDERSERVED

THE FEDERAL GOVERNMENT HAS BEEN CHARGING AIRLINE PASSENGERS THE EQUIVALENT OF AN ADMINISTRATIVE "LAUNDERING FEE" OF ONE-THIRD EVERY YEAR FOR THE PRIVILEGE OF SENDING THEIR MONEY TO WASHINGTON. SOMETHING IS CLEARLY BROKEN FROM THE PASSENGER'S PERSPECTIVE.

AIRPORTS ARE FACED WITH HUGE CAPITAL DEVELOPMENT NEEDS AS ILLUSTRATED BY BOTH OUR OWN SURVEYS AND THE PROJECTIONS OF THE FAA. THESE AIRPORT DEVELOPMENT NEEDS RESULT IN LARGE MEASURE FROM THE SUCCESS OF AIRLINE DEREGULATION. SINCE 1978, DOMESTIC PASSENGERS HAVE GROWN FROM 246 MILLION TO 415 MILLION LAST YEAR. BUT THE SUCCESS OF LOW FARES AND INCREASED COMPETITION AMONG AIRLINES HAVE



CAUSED PROBLEMS FOR OUR NATION'S AIRPORTS. NEW PASSENGERS REQUIRE NEW OR EXPANDED FACILITIES AT ORIGINATING, CONNECTING, AND DESTINATION AIRPORTS, OR ELSE ALL PASSENGERS ARE FACED WITH DELAYS.

AIRPORT CAPACITY NOT GROWING IN PROPORTION TO PASSENGER TRAFFIC AND TRUST FUND REVENUE

CONSIDERING THAT AVIATION TRUST FUND MONIES ARE DEDICATED TO CAPITAL IMPROVEMENTS IN THE AIRPORT AND AIRWAYS SYSTEM, AND AS PASSENGER VOLUMES GROW SO DOES REVENUE TO THE TRUST FUND, ONE MIGHT THINK THERE SHOULD BE A SYMBIOTIC RELATIONSHIP BETWEEN PASSENGER TRAFFIC GROWTH AND SYSTEM CAPACITY. INDEED THAT WAS PRECISELY THE AVIATION TRUST FUND'S ORIGINAL PREMISE. BUT INSTEAD, WE HAVE FOUND AN UNPRODUCTIVE CORRELATION BETWEEN GENERAL TREASURY IOU'S TO THE TRUST FUND AND PASSENGER VOLUMES, WHILE AIRPORT CAPACITY PROJECTS ARE DELAYED TO MEET FUNDING LEVELS TIED TO FEDERAL BUDGET POLICY.

WE HAVE ATTACHED CHARTS TO OUR TESTIMONY TO UNDERScore THE LACK OF CORRELATION BETWEEN PASSENGER GROWTH AND DELAY AND TRUST FUND SPENDING.

FROM THE AIRPORTS' PERSPECTIVE THE TRUST FUND IS BROKEN. AIRLINE DEREGULATION HAS PRESENTED AIRPORT OPERATORS AND EXECUTIVES WITH DIFFICULT NEW CHALLENGES. BUT WE WELCOME THE PROBLEMS OF COPING WITH LARGER NUMBERS OF PASSENGERS SYSTEM-WIDE AND ACCOMMODATING ENTIRELY NEW ECONOMIC GROUPS OF TRAVELERS. WE CANNOT, HOWEVER, MEET THESE CHALLENGES WITH PRE-DEREGULATION ATTITUDES TOWARD AIRPORT FUNDING LEVELS. NOR CAN WE EXPECT PASSENGERS TO PAY TWICE: ONCE FOR TRUST FUND SURPLUSES (DISGUISED AS CAPITAL DEVELOPMENT TAXATION) AND AGAIN FOR AIRPORT CAPITAL CONSTRUCTION THROUGH A SECONDARY SYSTEM OF LOCAL AIRPORT FEES AND CHARGES.

ADMINISTRATION PROPOSAL IS TOO LITTLE AND TOO SHORT-TERM

THE ADMINISTRATION PROPOSAL OFFERED TO THE COMMITTEE DOES NOT PROVIDE SOLUTIONS TO THIS PROBLEM. THAT PROPOSAL CONTINUES TO ADVANCE THE ADMINISTRATION'S HISTORIC VIEW THAT PAYING FAA SALARIES AND EXPENSES TO OPERATE THE EXISTING SYSTEM HAS A HIGHER PRIORITY FOR TRUST FUND DOLLARS THAN INCREASING THE SYSTEM'S SAFETY AND CAPACITY IN PROPORTION TO TRAFFIC INCREASES. AIRPORT OFFICIALS DISAGREE.

THE ADMINISTRATION PROPOSES TO TURN ALMOST A QUARTER OF THE AIRPORT GRANT PROGRAM OVER TO STATES FOR THEIR HETEROGENEOUS ADMINISTRATION THROUGH AN ADDITIONAL LAYER OF BUREAUCRACY. AIRPORT OFFICIALS DISAGREE.

THE ADMINISTRATION ARGUES THAT AIRPORTS WILL WISH TO DEFEDERALIZE AND CHARGE PASSENGERS LOCAL TAXES EVEN THOUGH FEDERAL PASSENGER TAX LEVELS WILL STAY THE SAME AND THE AIRPORT GRANT PROGRAM WILL BE SHRUNK FOR EACH AIRPORT THAT DEFEDERALIZES. AIRPORT OFFICIALS DISAGREE.

THE ADMINISTRATION PROPOSAL TO MAINTAIN THE AIP AT ITS CURRENT ANNUAL \$1 BILLION REPRESENTS THE STATUS QUO IN AIRPORT FUNDING AND IN THE TRUST FUND'S RELATIONSHIP TO THE FEDERAL BUDGET PROCESS. IT IS TWO MORE YEARS OF BUSINESS AS USUAL. AIRPORT OFFICIALS STRONGLY DISAGREE WITH THE ADMINISTRATION'S 'BAND-AID' APPROACH TO A 'BROKEN' SYSTEM.

#### AIRPORT CAPITAL DEVELOPMENT NEEDS

WHILE THE CURRENT AIP PROGRAM HAS BEEN BENEFICIAL TO AIRPORT DEVELOPMENT, IT NEVERTHELESS HAS BEEN INADEQUATE IN PROVIDING THE AIRPORT INFRASTRUCTURE NECESSARY TO MEET CURRENT AIR TRAFFIC DEMANDS. IT SHOULD BE READILY APPARENT, GIVEN THE CURRENT STATE OF AIR TRANSPORTATION IN THIS COUNTRY, THAT FEDERAL FUNDING OF AIRPORTS DURING THE PAST FIVE YEARS HAS NOT DEVELOPED ENOUGH AIRPORT CAPACITY TO KEEP PACE. ALL THE BENEFITS OF INCREASED AIRSPACE CAPACITY DERIVED FROM THE NAS PLAN WILL NOT BE FULLY REALIZED UNLESS WE ALSO INCREASE AIRPORT CAPACITY TO ACCOMMODATE IT.

AT PRESENT, OVER \$3 BILLION IN ELIGIBLE AIRPORT CONSTRUCTION GRANT APPLICATIONS ARE ON FILE WITH THE FAA -- READY, BUT UNABLE TO BE FUNDED. IN ADDITION, BETWEEN 1982 AND 1986 THE FAA HAS TURNED DOWN REQUESTS FOR ELIGIBLE AIP PROJECTS WORTH ALMOST \$10 BILLION.

AOCI'S FORECAST OF AIRPORT CAPITAL DEVELOPMENT NEEDS OVER THE NEXT FIVE YEARS, 1988-1992, REVEALS SERIOUS SHORTCOMINGS IN AIRPORT DEVELOPMENT UNLESS THE FEDERAL COMMITMENT TO AIRPORTS IS REASSESSED AND SUBSTANTIALLY INCREASED. OUR PROJECTIONS, BASED ON CAPITAL IMPROVEMENT PLANS IDENTIFIED BY OUR MEMBER AIRPORTS, SHOW A TOTAL NEED OF NEARLY \$30 BILLION IN DEVELOPMENT FINANCING FOR AIRPORT SAFETY, CAPACITY AND NOISE MITIGATION PROJECTS IN THE NEXT FIVE

YEARS. COMMERCIAL SERVICE AIRPORTS ALONE WILL NEED APPROXIMATELY \$23 BILLION. THE TREMENDOUS NEEDS OF THE AIRPORT SYSTEM ARE FURTHER HIGHLIGHTED BY THE FAA'S FORTHCOMING NATIONAL PLAN OF INTEGRATED AIRPORT SYSTEMS (NFIAS), IN WHICH THE FAA ESTIMATES TOTAL AIP-ELIGIBLE AIRPORT NEEDS OF \$24.3 BILLION OVER THE TEN-YEAR PERIOD 1986-1995. ACCORDING TO THE FAA, 72 PERCENT OF TOTAL DEVELOPMENT IS RELATED TO INCREASING CAPACITY IN THE AIRPORT SYSTEM TO HANDLE GROWING PASSENGER VOLUMES AND AIRCRAFT OPERATIONS.

#### THE SHORT RANGE FIX TO OUR CAPACITY AND DELAY PROBLEMS

MAINTAINING THE STATUS QUO WILL NOT SOLVE THE CRITICAL CAPACITY PROBLEMS FACING THE SYSTEM, NOR RELIEVE PASSENGER DELAYS, INCONVENIENCE AND FRUSTRATIONS, ESPECIALLY GIVEN PROJECTIONS THAT TRAFFIC WILL GROW FIVE PERCENT ANNUALLY OVER THE NEXT TEN YEARS TO OVER 600 MILLION PASSENGERS. WE MUST NOW PLAN AND PROVIDE A NEW AIR TRANSPORTATION INFRASTRUCTURE PROGRAM THAT WILL RESPOND TO CURRENT AIRPORT PROBLEMS AND FUTURE NEEDS INTO THE 21ST CENTURY.

IN 1986, 16 MAJOR AIR CARRIER AIRPORTS WERE SERIOUSLY CONGESTED, ACCORDING TO THE FAA. THESE AIRPORTS HANDLED 43 PERCENT OF ALL PASSENGERS NATIONALLY. BY THE YEAR 2000, 58 COMMERCIAL SERVICE AIRPORTS HANDLING 76 PERCENT OF ALL PASSENGERS WILL BE CONGESTED UNLESS THEIR CAPACITY IS INCREASED. BETWEEN 1984 AND 1996, THE FAA PROJECTS THAT AIR TRAFFIC OPERATIONS WILL GROW 62 PERCENT. ACCORDING TO U.S. DOT/FAA'S AIRPORT CAPACITY ENHANCEMENT PLAN (1986):

"AT MANY AIRPORTS, THE PROJECTED TRAFFIC LEVELS CANNOT BE ACCOMMODATED WITHOUT CREATING OR ADDING TO CONGESTED CONDITIONS. AS AIR TRAFFIC EXPANDS OVER THE NEXT DECADE, IT SEEMS INEVITABLE THAT AIRPORT USERS WILL EXPERIENCE LONGER AND MORE COSTLY DELAYS UNLESS CAPACITY IMPROVEMENTS ARE MADE."

AIRPORT CONGESTION AND CAPACITY CONSTRAINTS DUE TO NOISE CONSIDERATIONS ARE THE TWO MOST SERIOUS PROBLEMS FACING THE AVIATION SYSTEM TODAY. AIRCRAFT NOISE IS THE BIGGEST ENVIRONMENTAL CONSTRAINT TODAY ON THE CAPACITY OF THE AIR TRANSPORTATION SYSTEM. ACCORDINGLY, A NEW AIRPORT GRANT PROGRAM MUST FOCUS ON THESE PROBLEMS AND PROVIDE THE RESOURCES NECESSARY TO RESOLVE THEM.

TO THOSE WHO WILL SAY THE FEDERAL GOVERNMENT CANNOT AFFORD A LARGER AIRPORT GRANT PROGRAM, WE SAY THE FEDERAL GOVERNMENT HAS A

MORAL OBLIGATION TO SPEND THE USERS' DEDICATED FUNDS IT HAS ALREADY COLLECTED. RAISING AIP LEVELS FROM THE EXISTING TRUST FUND SURPLUS SEEMS A SMALL "PRICE" TO PAY WHEN WEIGHED AGAINST THE MORE THAN \$4 BILLION ANNUAL COST OF DELAYS TO AIRLINES, PASSENGERS AND SHIPPERS.

AVIATION USERS WHO, THROUGH THE AVIATION TRUST FUND, IN FACT PAY FOR THE AIRPORT IMPROVEMENTS, DESERVE HIGHER SPENDING FOR AIRPORTS. PASSENGER CONTINUE TO PAY INTO THE TRUST FUND MORE THAN ENOUGH TO COVER THE IMMEDIATE SAFETY AND CAPACITY PROJECTS THAT COULD AND SHOULD BE FUNDED NOW. THE TRUST FUND'S UNCOMMITTED SURPLUS -- PROJECTED TO BE \$5.7 BILLION BY THE END OF FY '87 -- AND ITS GROWING USER TAX REVENUES, ARE CLEARLY SUFFICIENT TO SUPPORT HIGHER SPENDING FOR AIRPORT DEVELOPMENT AND OTHER TRUST FUND CAPITAL PROGRAMS. IT IS UNCONSCIONABLE TO ALLOW THE SURPLUS TO GROW FURTHER AT THE EXPENSE OF NEEDED CAPITAL IMPROVEMENTS.

WE MUST REALIZE THAT OUR EFFORTS HERE TODAY TO CONVINCE CONGRESS TO SPEND THE THE FUND SURPLUS ARE JUST TO REPAIR THE INEFFICIENCIES OF THE EXISTING SYSTEM. WE THEN MUST BEGIN THE PROCESS OF DEVELOPING A MASTER PLAN FOR THE AIR TRANSPORTATION INFRASTRUCTURE FOR THE 21ST CENTURY AND THE NEW FUNDING MECHANISMS THAT WILL BE REQUIRED TO FUND IT.

#### AOCI/AAAE JOINT AIP REAUTHORIZATION PROPOSAL

AOCI AND AAAE HAVE TOGETHER DEVELOPED A PROPOSAL WHICH REALISTICALLY ADDRESSES TODAY'S AIRPORT CAPACITY AND SAFETY PROBLEMS AND ANTICIPATES TOMORROW'S GROWTH. OUR PROPOSAL HAS BEEN DEVELOPED FROM AIRPORT OPERATORS' AND EXECUTIVES' EXPERIENCE AND FRUSTRATIONS WITH THE CURRENT PROGRAM.

OUR JOINT POSITION CONSISTS OF SEVERAL INTERRELATED ELEMENTS WHICH ARE INTENDED TO:

1. PROVIDE HIGHER AUTHORIZATION AND FUNDING LEVELS COMMENSURATE WITH AIRPORT DEVELOPMENT NEEDS WHILE MAINTAINING THE HISTORICAL FEDERAL SHARE (ROUGHLY ONE-THIRD) OF TOTAL DEVELOPMENT COSTS;
2. PROVIDE INCENTIVES FOR FULL FUNDING OF THE TRUST FUND PROGRAMS AT THE AUTHORIZED LEVELS; AND
3. PROVIDE A SUPPLEMENTARY FUNDING SOURCE -- THAT IS, A PASSENGER FACILITY CHARGE (PFC) -- FOR AIRPORT SPONSORS IN THE EVENT THE FEDERAL GOVERNMENT FAILS TO FULLY FUND AIP AT NECESSARY LEVELS.

I WOULD NOW LIKE TO OUTLINE BRIEFLY OUR PROPOSAL. WE WILL SUBMIT THE FULL TEXT OF OUR PROPOSAL FOR THE HEARING RECORD.

1. AOCI AND AAAE PROPOSE THAT THE AIRPORT IMPROVEMENT PROGRAM BE REAUTHORIZED FOR FIVE YEARS (FY 1988-1992) AND FUNDED AT \$1.8 BILLION IN THE FIRST YEAR, WITH ANNUAL INCREASES OF \$100 MILLION. THAT LEVEL WOULD INCLUDE A BASIC \$1.1 BILLION PROGRAM OF ENTITLEMENT AND DISCRETIONARY GRANTS, SIMILAR TO THE CURRENT AIP PROGRAM BUT WITH SOME ALLOCATION CHANGES. AMONG THE CHANGES IS A NEW \$50 MILLION ANNUAL CARGO ENTITLEMENT TO BE ALLOCATED AMONG AIRPORTS HAVING HEAVY VOLUMES OF ALL-CARGO AIRCRAFT OPERATIONS, AND A MINIMUM GUARANTEE OF DISCRETIONARY FUNDS FOR IMPORTANT RELIEVER AIRPORTS.

WE ALSO PROPOSE ESTABLISHING TWO NEW DISCRETIONARY FUNDS OF \$350 MILLION EACH -- ONE DEVOTED TO AIRPORT CAPACITY PROJECTS AND ONE FOR AIRPORT NOISE MITIGATION PROJECTS.

2. IN ADDITION TO THE \$1.8 BILLION AIP PROGRAM, WE BELIEVE A \$500 MILLION REVOLVING LOAN FUND SHOULD BE ESTABLISHED WITHIN THE AIRPORT AND AIRWAY TRUST FUND TO PROVIDE LOW-INTEREST LOANS TO AIRPORT SPONSORS FOR LAND ACQUISITION FOR APPROPRIATE AIRPORT PURPOSES, INCLUDING EXPANSION PROJECTS, NOISE BUFFERS, COMPATIBLE LAND-USE AND NEW AIRPORTS.
3. A FULL FUNDING TRIGGER MECHANISM SHOULD BE ENACTED WHEREIN THE FEDERAL PROHIBITION OF PASSENGER FACILITY CHARGES (PFC), OR "HEAD TAXES", WOULD BE PERMANENTLY REPEALED IF IN ANY YEAR THE AMOUNT APPROPRIATED FOR AIP IS LESS THAN THE AUTHORIZED LEVEL.

WE FIRMLY BELIEVE THAT EITHER THE FEDERAL GOVERNMENT SHOULD LIVE UP TO THE COMMITMENTS IT MAKES WHEN IT COLLECTS PASSENGER TAXES, OR AIRPORT SHOULD BE GIVEN THE WHEREWITHAL TO FINANCE NECESSARY IMPROVEMENTS THROUGH A LOCALLY-IMPOSED PASSENGER CHARGE. I WANT TO MAKE CLEAR, HOWEVER, THAT WE ARE NOT ADVOCATING DEFEDERALIZATION OR "DEFUNDING" OF AIRPORTS. THE PASSENGER FACILITY CHARGE SHOULD BE USED AS A SUPPLEMENT TO -- NOT A REPLACEMENT FOR -- FEDERAL GRANTS WHEN THE CONGRESS UNDERFUNDS THE AIRPORT GRANT PROGRAM. AIRPORTS CANNOT AFFORD AN "EITHER/OR" DILEMMA AS THE ADMINISTRATION PROPOSES IN ITS DEFEDERALIZATION PLAN, FORCING AIRPORTS TO CHOOSE BETWEEN



FEDERAL GRANTS OR A PFC. IT IS ALL FUNDING FROM PASSENGERS TO ACCOMMODATE PASSENGER DEMAND FOR FACILITIES.

4. A TRUST FUND SURPLUS TRIGGER MECHANISM SHOULD BE INCLUDED SO THAT AVIATION USER TAXES ARE AUTOMATICALLY SUSPENDED OR REDUCED IF THE UNCOMMITTED TRUST FUND SURPLUS EXCEEDS \$1 BILLION IN FY 1991 OR 1992.
5. TO AVOID CONSTRUCTION DELAYS, AIRPORTS SHOULD RECEIVE AIP ENTITLEMENT FUNDS AT THE BEGINNING OF EACH FISCAL YEAR BY CERTIFYING COMPLIANCE WITH ALL GRANT REQUIREMENTS. FURTHER, AIRPORT SPONSORS SHOULD BE PERMITTED TO PROCEED WITH DEVELOPMENT PROJECTS IN ADVANCE AND REMAIN ELIGIBLE FOR AIP REIMBURSEMENT.
6. FAA'S FACILITIES AND EQUIPMENT (F&E) PROGRAM SHOULD BE FUNDED AT \$1.5 BILLION PER YEAR TO ASSURE TIMELY IMPLEMENTATION OF THE NATIONAL AIRSPACE SYSTEM (NAS) PLAN MODERNIZATION.
7. THE FAA OPERATIONS AND MAINTENANCE (O&M) PENALTY CLAUSE SHOULD BE CONTINUED AND STRENGTHENED TO ENSURE THAT TRUST FUND FOR AIP AND F&E ARE MET BEFORE O&M.
8. THE RESEARCH, ENGINEERING AND DEVELOPMENT (R&D) PROGRAM SHOULD BE FUNDED AT \$200 MILLION PER YEAR, AND \$25 MILLION SHOULD BE DEDICATED FOR AIRPORT CAPACITY RESEARCH AND DEVELOPMENT THROUGH A SEPARATE BUDGET LINE ITEM.

WE HOPE YOU WILL FIND MERIT IN OUR JOINT PROPOSAL FOR A BETTER TRUST FUND PROGRAM. IT IS A PROGRAM BASED UPON THE PREMISE THAT WE SHOULD NOT REPEAT MISTAKES MADE IN THE PAST; NOR SHOULD WE PRETEND THAT THE FEDERAL BUDGET PROCESS WILL FIX ITSELF AND BEGIN TO RECOGNIZE OUR REVENUES TOGETHER WITH OUR EXPENDITURES AS A DEDICATED FUND.

THE JOINT AIRPORTS PROGRAM IS DESIGNED TO MAKE THE TRUST FUND WORK AS CONGRESS INTENDED. OF COURSE, THE HIGHER AUTHORIZATION LEVELS WE ARE SEEKING WILL DO LITTLE GOOD IF WE CANNOT SECURE THE COMMENSURATE APPROPRIATIONS. WE LOOK TO YOUR LEADERSHIP, MR. CHAIRMAN, TO MAKE CERTAIN THAT THE CRITICAL FUNDING NEEDS OF AIRPORTS ARE PROVIDED IN THE NEW PROGRAM.



AIRPORT CAPACITY RESEARCH AND DEVELOPMENT

A NUMBER OF TECHNOLOGICAL AND PROCEDURAL CONCEPTS EXIST TODAY WHICH, IF APPROPRIATELY DEVELOPED WITH AIRPORT R&D FUNDS, CAN BE INTRODUCED IN THE SHORT-TERM TO ENHANCE AIRPORT CAPACITY. THERE ARE ALSO VARIOUS TECHNOLOGICAL INNOVATIONS AVAILABLE TO PROVIDE LARGER INCREASES IN AIRPORT CAPACITY OVER THE LONGER TERM.

MANY OF THESE CONCEPTS HAVE EVOLVED FROM THE INDUSTRY TASK FORCE ON AIRPORT CAPACITY IMPROVEMENT AND DELAY REDUCTION, COMPRISED OF REPRESENTATIVES FROM THE MAJOR AVIATION ORGANIZATIONS WHO SHARE THE COMMON GOAL OF MAXIMIZING OUR AIRPORT SYSTEM CAPACITY. THE FAA, THROUGH ADMINISTRATOR ENGEN, HAS BEEN VERY SUPPORTIVE AND ACTIVE IN THIS TASK FORCE EFFORT. HOWEVER, BECAUSE ONLY A MINISCULE AMOUNT OF RESEARCH AND DEVELOPMENT FUNDS HAVE BEEN MADE AVAILABLE FOR AIRPORT CAPACITY R&D, PROGRESS HAS BEEN TORTUOUSLY SLOW. WE CANNOT AFFORD TO DELAY ANY LONGER.

LAST YEAR, THE INDUSTRY TASK FORCE REQUESTED \$15 MILLION FOR AIRPORT R&D. THIS COMMITTEE WAS INSTRUMENTAL IN CONGRESS' DEDICATING \$5.5 MILLION OF THAT REQUEST FOR THIS PURPOSE IN THE FY87 DOT APPROPRIATIONS BILL.

WE ARE VERY APPRECIATIVE OF THESE FUNDS AND THEY HAVE BEEN WELL SPENT TO ADVANCE THE FOLLOWING FAA/INDUSTRY TASK FORCE PROJECTS:

|                                   |                |
|-----------------------------------|----------------|
| a. SIMMOD airport modeling        | \$ 420,000     |
| b. JOLINE airport surface model   | 350,000        |
| c. East coast plan                | 460,000        |
| d. MLS procedures                 | 15,000         |
| e. Parallel runway data/demo      | 2,800,000      |
| f. Wake Vortex demo               | 100,000        |
| g. Pavement design/material study | 390,000        |
| h. Terminal design                | 150,000        |
| i. West coast plan                | 400,000        |
| j. Contract support               | <u>420,000</u> |

|                                                         |             |
|---------------------------------------------------------|-------------|
| TOTAL (FY'87)                                           | \$5,505,000 |
| THESE AND OTHER TASK FORCE RECOMMENDATIONS WILL PRODUCE |             |

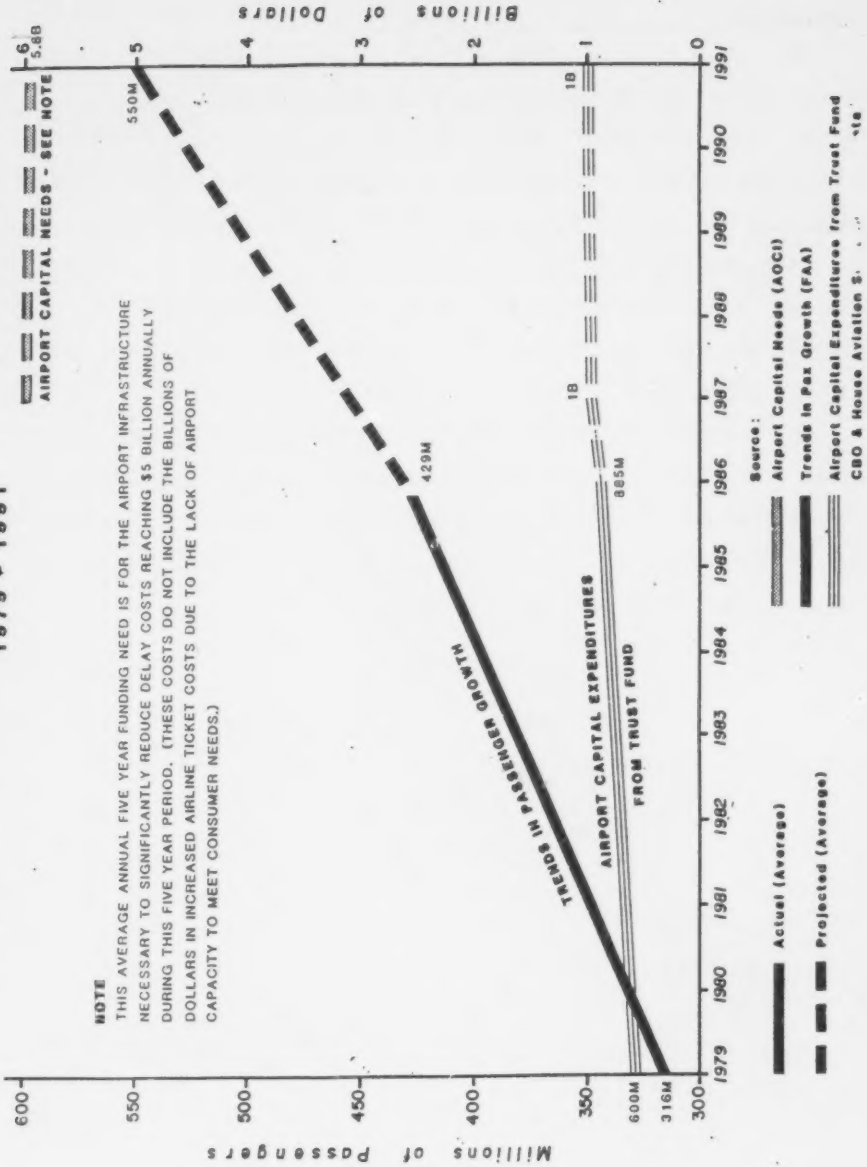
HIGH-PAYOFFS IN PROVIDING THE ABSOLUTELY CRITICAL INCREASED AIRPORT CAPACITY AND SAFETY NEEDED FOR THE LATE 80'S AND EARLY 90'S. HOWEVER, THE JOB HAS JUST BEGUN. AIRPORT R&D FUNDING IS EQUALLY CRITICAL IN FISCAL YEAR 1988 AND SUCCESSIVE YEARS. WE URGE YOUR SUPPORT AGAIN FOR OUR REQUEST OF \$25 MILLION. (ATTACHED IS A MORE DETAILED EXPLANATION OF AIRPORT R&D PROJECTS WHICH WILL ONLY BE ADVANCED IF ADEQUATE SUSTAINED FUNDING IS PROVIDED.

CONCLUSION

WE ASK THIS SUBCOMMITTEE TO CONSIDER OUR PROPOSAL FOR A MORE EFFECTIVE AIP AND TO PROVIDE THE \$1.8 BILLION FUNDING LEVEL WE SEEK IN FY 1988. ANY SUCCESS WE MAY ACHIEVE IN INCREASED AIP AUTHORIZATIONS FOR THE NEXT FIVE YEARS WILL BE DIMINISHED, HOWEVER, IF HIGHER APPROPRIATIONS DO NOT FOLLOW. WE ARE EXTREMELY CONCERNED OVER THE RECENTLY ADOPTED SENATE BUDGET RESOLUTION WHICH FREEZES AIRPORT GRANTS AT THE CURRENT, INADEQUATE LEVEL. WE NEED YOUR HELP TO MAKE CERTAIN THE TRUST FUND WILL BE USED FULLY TO IMPROVE OUR AIRPORT AND AIRWAY SYSTEM.

MR. CHAIRMAN, THANK YOU FOR THIS OPPORTUNITY TO PRESENT OUR VIEWS. WE LOOK FORWARD TO WORKING WITH YOU TO ENSURE THAT FUNDING OF THE AIRPORT AND AIRWAY PROGRAM IN FY'88 AND BEYOND WILL BE SUFFICIENT TO FIX THE PRESENT SYSTEM AND MEET THE NEEDS OF AIR TRANSPORTATION IN THE 21ST CENTURY -- ONLY 13 YEARS AWAY.

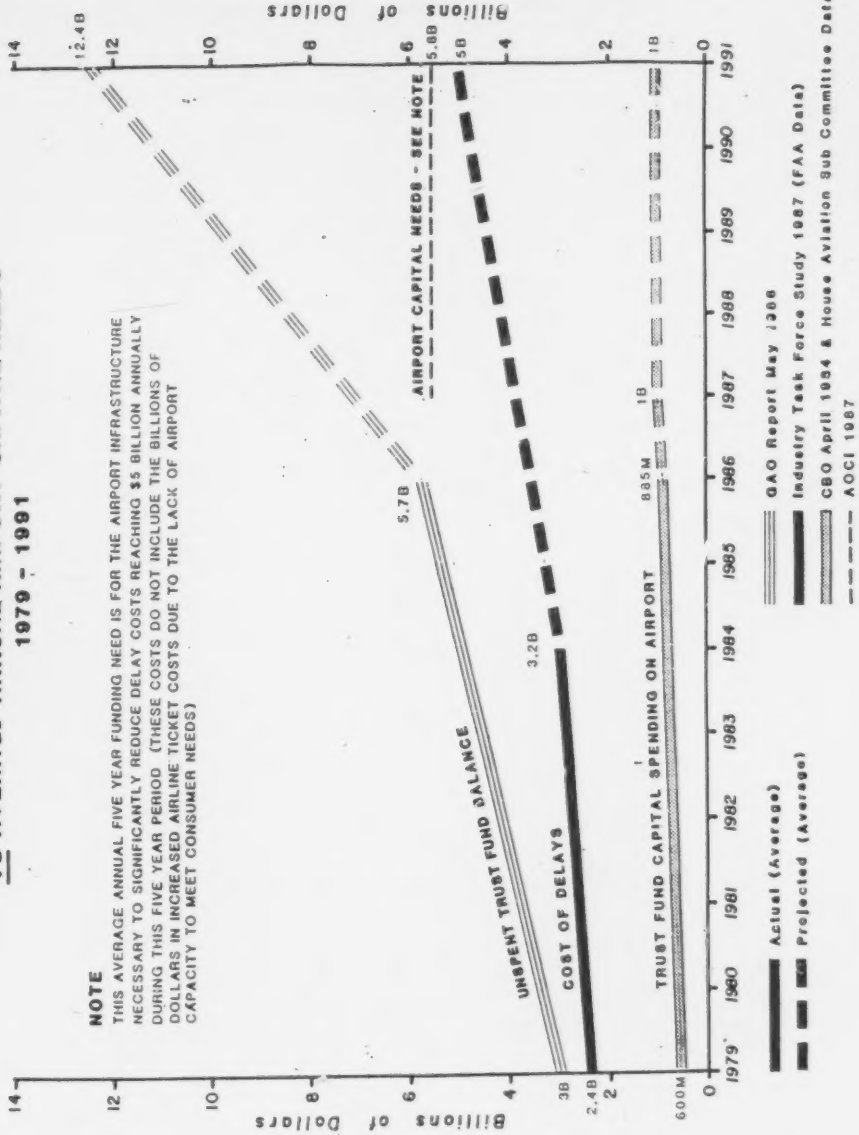
**TRENDS IN PASSENGER GROWTH TO AIRPORT CAPITAL EXPENDITURES FROM TRUST FUNDS AND AIRPORT CAPITAL NEEDS 1979 + 1991**



# TRENDS IN DELAY COSTS VS UNSPENT TRUST FUND BALANCE AND ACTUAL TRUST FUND CAPITAL SPENDING ON AIRPORTS VS AVERAGE ANNUAL AIRPORT CAPITAL NEEDS 1979 - 1991

## NOTE

THIS AVERAGE ANNUAL FIVE YEAR FUNDING NEED IS FOR THE AIRPORT INFRASTRUCTURE NECESSARY TO SIGNIFICANTLY REDUCE DELAY COSTS REACHING \$5 BILLION ANNUALLY DURING THIS FIVE YEAR PERIOD. (THESE COSTS DO NOT INCLUDE THE BILLIONS OF DOLLARS IN INCREASED AIRLINE TICKET COSTS DUE TO THE LACK OF AIRPORT CAPACITY TO MEET CONSUMER NEEDS)



Actual (Average)

Projected (Average)

GAO Report May 1986

Industry Task Force Study 1987 (FAA Data)

CBO April 1994 & House Aviation Sub Committee Data

AOCI 1987

AIRPORT CAPACITY RESEARCH AND DEVELOPMENT  
FUNDING NEEDS - FISCAL YEAR 1988

|                                             |              |
|---------------------------------------------|--------------|
| 1. Parallel runway program                  | \$4,500,000  |
| 2. Converging runway program                | 5,000,000    |
| 3. Mode S enhancements                      | 2,500,000    |
| 4. Wake vortex                              | 1,600,000    |
| 5. MLS siting analysis                      | 200,000      |
| 6. Cockpit traffic information              | 300,000      |
| 7. Airspace planning (SIMMOD computer)      | 300,000      |
| 8. Airport planning (Joline machine)        | 600,000      |
| 9. Model development (SIMMOD modifications) | 300,000      |
| 10. Airport capacity studies                | 925,000      |
| 11. Pavement design research                | 1,312,000    |
| 12. Apron/Terminal design criteria          | 781,000      |
| 13. Airport safety planning and support     | 337,000      |
| 14. Airport visual control                  | 713,000      |
| 15. All-weather taxiway guidance            | 562,000      |
| 16. Aircraft ground performance             | 1,108,000    |
| 17. Terminal area automated control         | 3,500,000    |
| 18. ATC surface automation techniques       | 1,100,000    |
| 19. Aircraft performance data collection    | 600,000      |
| 20. Airport capacity research data          | 200,000      |
| 21. Airport building lay-out and design     | 500,000      |
| 22. Runway overrun safety                   | 500,000      |
| 23. Fire rescue                             | 600,000      |
| 24. Wildlife hazards                        | 450,000      |
| 25. Pavement friction                       | 475,000      |
| 26. Heliport design and safety              | 400,000      |
| 27. Snow and ice removal technology         | 350,000      |
| 28. Airfield lighting and marking           | 1,450,000    |
| 29. Runway configuration                    | 1,500,000    |
| 30. Runway safety                           | 500,000      |
| <hr/>                                       |              |
| TOTAL                                       | \$33,163,000 |

AIRPORT CAPACITY RESEARCH & DEVELOPMENT PROJECTS

The lack of airport capacity will be the single greatest constraint on aviation growth through the year 2000. The Industry Task Force on Airport Capacity Improvement and Delay Reduction has, in cooperation with the FAA, identified numerous technological and procedural innovations which, if appropriately developed, simulated and demonstrated, can provide increased airport capacity in the near term.

To advance these innovative projects, the FAA's Research, Engineering & Development Program must designate at least \$25 million each year specifically for airport capacity R&D. The proposed projects which require funding in fiscal 1988 are listed below.

FY'88 Funding  
Requirement  
(thousands)

1. Capacity Enhancement Demonstrations

- Parallel Runway Program: Conduct an operational demonstration of dependent and independent parallel runway operations at reduced diagonal or lateral spacings using an improved runway monitoring surveillance system. Goal is to reduce safely the separation between parallel runways for independent IFR parallel approaches from the current 4,300 feet to as low as 3,000 feet, providing opportunity to construct new runways on existing airports. Examples of possible increases in hourly arrival capacity are:

\$4,500

35 to 49 -- Minneapolis/St. Paul  
 36 to 50 -- Detroit  
 35 to 52 -- Portland

- Converging Runway Program: After analysis of required operating characteristics, obtain a second runway monitoring surveillance system capable of supporting converging runway operations at reduced separations and initiate an operational demonstration of converging approaches to lower-than-current minima. Independent IFR converging runway approaches could provide, in some cases, a virtual doubling of arrival capacity. 70 of the top 100 airports have potential converging approach applications. Arrivals per hour could be increased from:

26 to 45 -- Boston  
 25 to 51 -- Denver  
 25 to 50 -- Newark

- Investigation of Mode S enhancements for closely-spaced runway operations. 2,500

## 2. Reduced Aircraft Longitudinal Separation

To safely reduce IFR spacing between aircraft in-trail during landing approaches from the present 3 to 5 nautical miles (N.M.) down to 2 to 2-1/2 N.M. on a regular basis. Such procedures could have reduced 1986 delays at LaGuardia Airport by 5,000 hours and save 25,000 hours at Atlanta in 1991.

- Wake Vortex: Continue efforts in characterizing aircraft wake vortex generation characteristics, vortex transport and decay effects, etc. to develop more flexible wake vortex separation standards which are safe for the current mix of aircraft. Pursue operationally acceptable sensor/display systems to minimize need for application of wake vortex separation standards, using Richardson number research. Investigate potential for airborne wake sensing. 1,600

- MLS Siting Analysis: Develop model and provide specific analysis to support local procedures specialists in developing special approach and departure paths and procedures for separating aircraft by using the unique capabilities of MLS. 200

- Cockpit Traffic Information: Analyze, verify and demonstrate the validity of using cockpit traffic information to increase pilot confidence, and as an additional cross-check in conducting IFR approaches (parallel, converging, reduced diagonal, etc.) under reduced separation standards. Examine techniques and accuracy requirements for such displays, and analyze the possibilities for self-spacing during final approach in IMC. 300

## 3. Airport/Airspace Planning

- Airspace Planning: Apply SIMMOD computer model to Air Traffic's West Coast Plan to analyze airspace options for capacity enhancement. 300

- Airport Planning: Procure equipment, training, and licenses to operate the Joline Airport machine, which provides "fast-look" evaluations of specific airport capacity options, for three new regions. 600

- Model Development: Investigate improvements or modifications to the SIMMOD airspace computer model. 300

- Airport Capacity Studies. 925



#### 4. Airport Design Improvements

- Airport Pavements: Continue work on the characterization and application of special materials and design methods for developing long-life, low-maintenance pavements for high activity airports. 1,312
- Apron/Terminal Design Requirements: Develop Advisory Circular with revised design and planning criteria for runway exits, taxiways, aprons, etc., for sustaining high capacity operations in all weather conditions. 781
- Airport Safety Planning and Safety Support System 337
- Airport Surface Visual Control (Lighting) 713
- All Weather Taxiway Guidance 562
- Aircraft Ground Performance and Take-Off Landing Advisory System. 1,108

#### 5. Terminal Automation

- Airspace: Initiate the development of the man-machine interface and operational procedures required to evaluate selected time-based automated control or advisory systems in the terminal area. 3,500
- Surface: Investigate ATC surface surveillance, guidance, and automation techniques for the control of aircraft on the ground to maximize utilization of the airport surface in all weather conditions, and reduce runway incursions. 1,100

#### 6. Data Collection Efforts

- Initiate a systematic data collection effort to obtain aircraft performance data during approach, departure and missed approach operations, including aircraft performance on the airport surface, to support the development and evaluation of airport capacity enhancements and terminal automation efforts. 600
- Airport Capacity Research Data Collection. 200

#### 7. Airport Standards Development

The Research and Development needs for Airport Standards Development are oriented towards the type of airport development supported by the Airport Improvement Program. As such, the airport operator is a primary and direct beneficiary of this type of R&D.

- Airport Buildings: Research into planning, layout and design of airport buildings for high efficiency processing of passengers and goods. Improved guidance for space requirements related to hubbing, banking and unit terminals; security; and other airport facilities and services. 500
- Overrun and Arresting Systems: R&D for innovative systems to provide additional safety at the ends of runways. As airports mature, the available land remaining at the ends of runways often is less than that recommended for safety areas. Energy absorbing materials such as dense foams may provide added protection against aircraft that overshoot paved areas. 500

|                                                                                                                                                                                                                                                                                                                                                                         |                 |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|
| - <u>Fire Rescue</u> : Testing and development of fire fighting agents, equipment and techniques. R&D for investigating new systems for introducing firefighting agents into cabins by penetrating aircraft hulls should be further studied.                                                                                                                            | 600             |
| - <u>Wildlife Hazards</u> : Protection of aircraft from wildlife hazards on and in vicinity of airports. Of special interest is controlled use of landfills, waste-water facilities and other development which may support bird populations.                                                                                                                           | 450             |
| - <u>Pavement Friction</u> : Development of equipment and techniques for measuring, correlating and reporting friction. Extending friction measuring and reporting techniques to advise pilots directly of runway conditions should be emphasized.                                                                                                                      | 475             |
| - <u>Heliport</u> : Criteria for design of heliports and safety areas. Maximum acceptance and effectiveness of helicopter service requires additional studies of vehicle performance on which geometrics related to flight path, clearance planes, maneuvering areas, and downwash can be established.                                                                  | 400             |
| - <u>Snow and Ice</u> : Chemicals, equipment, sensors and techniques for increasing runway safety and availability. Of special interest is the need to provide better guidelines for the optimum rate of application of chemicals and abrasives to maximize deicing effectiveness while minimizing waste and the deleterious effects of excessive rates of application. | 350             |
| - <u>Lighting and Marking</u> : Equipment and systems primarily directed toward low visibility operations and elimination of runway incursions.                                                                                                                                                                                                                         | 1,450           |
| - <u>Airport Configuration</u> : Geometric clearances and layouts for efficient and high capacity airport operations with large aircraft; methodologies for calculating runway and airport acceptance rates.                                                                                                                                                            | 1,500           |
| - <u>Runway Roughness</u> : Improved runway rideability for safety. Further studies of the effect of changes in runway profile on "G" forces experienced by pilots will assist in improved design of runway intersections, and in establishing standards for maintenance.                                                                                               | 500             |
| <b>TOTAL AIRPORT CAPACITY R&amp;D (FY'88)</b>                                                                                                                                                                                                                                                                                                                           | <b>\$33,163</b> |

Airport congestion is a major problem that results in delays and reduces the reliability of air transportation. Relatively few airports are congested, but they account for a large share of the passenger market. Sixteen commercial service airports were considered seriously congested in 1986, and they accounted for 42% of all air passengers. The FAA expects the problem to spread, so that 58 airports and 76% of all passengers will be affected by the turn of the century unless remedial action is taken.

TABLE 3-2 - CONGESTED PRIMARY AND COMMERCIAL SERVICE AIRPORTS \*

| 1985            |                  |                   |               |
|-----------------|------------------|-------------------|---------------|
| Atlanta, GA     | Hartsfield       | Newark, NJ        | International |
| Burbank, CA     | Burbank          | New York, NY      | Kennedy       |
| Chicago, IL     | O'Hare           | New York, NY      | LaGuardia     |
| Denver, CO      | Stapleton Int'l. | Phoenix, AZ       | Sky Harbor    |
| Houston, TX     | Intercontinental | San Francisco, CA | International |
| Las Vegas, NV   | McCarran         | Santa Anna, CA    | John Wayne    |
| Long Beach, CA  | Dougherty Field  | St. Louis, MO     | Lambert       |
| Los Angeles, CA | International    | Washington, DC    | National      |

ADDITIONAL CONGESTED PRIMARY AND COMMERCIAL SERVICE AIRPORTS BY 2000

|                      |                  |                    |                 |
|----------------------|------------------|--------------------|-----------------|
| Albuquerque, NM      | International    | New Orleans, LA    | Moisant Field   |
| Anchorage, AK        | International    | Oakland, CA        | Metropolitan    |
| Atlantic City, NJ    | Bader Field      | Orlando, FL        | International   |
| Austin, TX           | Robert Mueller   | Philadelphia, PA   | International   |
| Baltimore, MD        | International    | Pittsburgh, PA     | International   |
| Birmingham, AL       | Municipal        | Raleigh, NC        | Raleigh-Durham  |
| Boston, MA           | Logan            | Reno, NV           | Cannon Int'l.   |
| Charlotte, NC        | Douglas          | Sacramento, CA     | Metropolitan    |
| Chicago, IL          | Midway           | Salt Lake City, UT | International   |
| Cleveland, OH        | Hopkins          | San Antonio, TX    | International   |
| Colorado Springs, CO | Municipal        | San Diego, CA      | Lindberg        |
| Columbus, OH         | Port Columbus    | San Jose, CA       | Municipal       |
| Dallas, TX           | Love Field       | Sarasota, FL       | Sarasota/       |
| Dallas, TX           | Dallas-Ft. Worth |                    | Bradenton       |
|                      | Regional         | Seattle, WA        | Sea/Tac Int'l.  |
| Detroit, MI          | Metropolitan     | Tampa, FL          | International   |
| Houston, TX          | Hobby            | Tucson, AZ         | International   |
| Islip, NY            | Mac Arthur       | Tulsa, OK          | International   |
| LaFayette, LA        | Regional         | Washington, DC     | Dulles Int'l.   |
| Little Rock, AR      | Adams Field      | West Palm Beh., FL | International   |
| Memphis, TN          | International    | White Plains, NY   | Westchester Co. |
| Miami, FL            | International    |                    |                 |
| Minneapolis, MN      | Wold Chamberlain |                    |                 |

\* NOTE: This list was prepared by comparing current runway capacity to current and forecast demand. Some of the airports listed may not become congested if their airfield capacity is increased or traffic does not increase to the forecast levels. Additional airports may become congested because of terminal area, ground access, or airspace limitations, or because of unforeseen growth in traffic.

SUMMARY OF JOINT PROPOSAL FOR POST-1987  
AIRPORT AND AIRWAY IMPROVEMENT PROGRAM

The following proposal by the nation's airport operators and executives realistically addresses today's airport capacity and safety problems and anticipates tomorrow's growth.

Passenger delays, inconvenience and frustrations will not be solved by a status quo Airport and Airway Improvement Program. Passengers continue paying into the Aviation Trust Fund to improve and expand the infrastructure of our air transportation system. However, the money has not been fully spent for its intended purpose. Indeed, the Federal government has allowed a surplus to accumulate within the trust fund that will reach \$5.7 billion by October 1987.

We propose the government either spend the passenger ticket tax funds already collected or permit airports to impose passenger charges at the local level to finance needed airport improvements and help solve the system's capacity and delay problems.

1. The Airport Improvement Program (AIP), scheduled to expire September 30, 1987, should be reauthorized for five years and funded at \$1.8 billion in the first year, with \$100 million annual increases. New AIP should be allocated as follows:

|                                              |                           |
|----------------------------------------------|---------------------------|
| Airport entitlement and discretionary grants | -- \$1.050 billion        |
| Cargo entitlement                            | -- .050                   |
| Airport Capacity Improvement Fund            | -- .350                   |
| Aircraft Noise Mitigation Fund               | -- .350                   |
| <b>TOTAL AIP PROGRAM</b>                     | <b>-- \$1.800 billion</b> |

In addition, a \$500 million Revolving Loan Fund should be established for land acquisition for noise buffers, expansion projects and new airports.

2. Trigger mechanisms should be enacted to permanently repeal the federal prohibition of local passenger facility charges (PFCs) if in any year the minimum \$1.8 billion is not fully appropriated for AIP;

and to suspend or reduce aviation user taxes if the aviation trust fund's uncommitted surplus exceeds \$1 billion in FY 1991 or 1992.

3. The administration's state block grant proposal should not be included in a new AIP program.
4. The FAA Operations and Maintenance (O&M) penalty clause should be strengthened to ensure that trust fund commitments for AIP and F&E are met before O&M.
5. FAA's Facilities and Equipment (F&E) program should be funded at \$1.5 billion per year.
6. FAA's Research, Engineering and Development program (R&D) should be funded at \$200 million per year, including \$25 million dedicated for airport capacity research and development.
7. The Aviation Trust Fund should be removed from the unified federal budget and exempted from budgetary limitations, in separate legislation.

#### AOCI/AAAE JOINT PROPOSAL FOR POST-1987

#### AIRPORT AND AIRWAY IMPROVEMENT PROGRAM

#### Airport Improvement Program Recommendations

##### 1. Authorization Term/ Funding Levels

The Airport Improvement Program (AIP) should be reauthorized for five years and funded at \$1.8 billion in the first year, with annual increases of \$100 million. Funding should be allocated as follows: \$1.1 billion for AIP entitlement and discretionary grants; \$350 million for airport capacity discretionary grants; and \$350 million for a special noise fund. In addition, a separate Revolving Loan Fund for land acquisition and other appropriate purposes should be created within the Airport and Airway Trust Fund and at least \$500 million made available over the five-year authorization period.

The substantially higher AIP funding level will provide increased funding for non-primary commercial service, general aviation and reliever airports through discretionary and special fund grants. All categories of airports should be eligible for "capacity" and "noise" discretionary grants and all categories should receive some funding over the authorization period.

##### 2. AIP Full Funding Trigger Mechanism

If in any year the AIP funding level (obligation ceiling) is less than a minimum authorized level of \$1.8 billion (plus annual increases), the federal prohibition against "passenger facility charges" (PFC) shall be repealed automatically. Such charges should be limited to an amount necessary to finance airport-related projects.

Appropriate abrogation provisions shall be enacted to facilitate the imposition and collection of PFCs at airports which choose to impose them. In the event defederalization is provided: (1) airports remaining in the program shall receive at minimum the same level of AIP funding they otherwise would have received, and (2) the passenger ticket tax shall be reduced commensurately.

##### 3. Formula and Allocation Changes

The current discretionary "set-aside" categories should be eliminated, except that a reliever airport minimum guarantee

should be provided within the discretionary fund. Noise compatibility projects would be funded by a new AIP noise fund (see #1 above).

The AIP entitlement formula allocations should be revised as follows:

- a. increase minimum allocation for individual primary airports from the current \$200,000 to \$300,000 per year.
- b. increase maximum allocation cap for individual primary airports from the current \$12.5 million to \$16 million per year.
- c. revise passenger enplanement (entitlement) formula to reflect cargo traffic at airports.
- d. revise the definition of "primary" airports to include airports enplaning more than 10,000 passengers per year. \*

#### 4. Sponsor Certification/ Advance Construction Reimbursement

To reduce bureaucratic tangles and construction delays, entitlement funds should be disbursed directly to primary airports at the beginning of each fiscal year based on preapplications on file with the FAA, and airports should be able to collect interest on such funds. Further, each airport sponsor receiving funds will certify compliance with all rules and restrictions imposed on AIP grants (as permitted under Section 509 (d) of current law.)

Airport sponsors may proceed with the construction of essential projects with their own funds prior to any federal commitment without loss of AIP eligibility for reimbursement, provided the project is otherwise AIP eligible and all work is accomplished in accordance with AIP requirements.

#### 5. Grant Assurances

All AIP sponsor assurance requirements must be identified in a single regulation that is defined by law as the complete, inclusive and specific list of obligations for accepting grants. Any future changes shall be made only through administrative rulemaking procedures. Where possible, current sponsor assurances should be streamlined or eliminated.

---

**NOTE:** \* Assumes increased AIP level (\$1.8 billion) and elimination of current 5.5% set-aside for "non-primary commercial service airports" (\$55 million in FY '87). Some 150 airports having 10,000 - 40,500 annual enplanements would thereby become eligible for apportionment funds (totalling at least \$45 million annually based on proposed \$300,000 minimum entitlement per primary airport).

#### 6. Airport Proprietary Rights

Language protecting the proprietary powers of airport operators should be included in the AIP reauthorization law to preserve local control over airport operations and environmental matters. Grant assurances should not be changed to require airport landside capacity be balanced with airside capacity nor any other new assurances restricting proprietors' rights.

#### 7. State Role

The current level of state involvement should be maintained as is.

#### 8. Operations & Maintenance Funding/ Penalty Clause

Congress should include a penalty trigger to require that Trust Fund obligational authority for airports be met before FAA operations and maintenance (O&M). The current "penalty clause" should be stiffened so that O&M funding from the Trust Fund is:

- a. limited to an amount not exceeding the level appropriated (obligation limit) for AIP and the Revolving Loan Fund; and
- b. reduced by three times the amount unappropriated for AIP and Facilities & Equipment (F&E).

Further, if in FY 1991 or 1992 the uncommitted Trust Fund surplus exceeds \$1 billion, then no Trust Fund monies shall be made available for O&M (until the surplus falls below that level).

In consideration of the above penalty clauses and trigger mechanisms necessary to protect Trust Fund capital programs, O&M spending from the Trust Fund should be increased from the current law authorization level of \$1.34 billion to \$1.6 billion in the first year, with annual increases of \$200 million per year, up to a maximum \$2.4 billion in the last authorization year.

#### Other Trust Fund Program Recommendations

#### 9. Trust Fund User Taxes/ Surplus Trigger Mechanism

User taxes supporting the Airport and Airway Trust Fund should remain at 1982-1987 levels. However, if in FY 1991 or thereafter, the Trust Fund's uncommitted surplus exceeds \$1 billion, then all user taxes should be reduced or suspended automatically until the surplus falls below \$900 million. Monies borrowed or available to be borrowed from the Revolving Loan Fund should not be included in determining the uncommitted surplus.

#### 10. Facilities & Equipment

Funding for the Facilities and Equipment (F&E) program should average approximately \$1.5 billion per year.

#### 11. Research, Engineering & Development

Funding for the Research, Engineering & Development (R,E&D) program should average approximately \$200 million per year, and provide \$25 million annually dedicated to airport capacity research & development through a separate FAA budget line-item.

#### 12. Trust Fund Off-Budget

The Airport and Airway Trust Fund should be removed from the unified Federal Budget and exempted from budgetary limitations. This effort will be pursued separately from AIP reauthorization.



TABLE 1

AOCI/AAAE AIRPORT AND AIRWAY IMPROVEMENT PROPOSALProposed Program Funding Levels  
and Projected Trust Fund SurplusFiscal Years 1988-1992  
(\$ Billions)

|                                                | 1988  | 1989  | 1990                      | 1991   | 1992  | Total |
|------------------------------------------------|-------|-------|---------------------------|--------|-------|-------|
| <u>TRUST FUND</u>                              |       |       |                           |        |       |       |
| <u>EXPENDITURES:</u>                           |       |       |                           |        |       |       |
| Airport Improvement                            | 1.1   | >     |                           |        |       |       |
| Capacity Fund                                  | .35   | >     | Plus 5% annual increases. |        |       |       |
| Noise Fund                                     | .35   | >     |                           |        |       |       |
| Total AIP                                      | 1.8   | 1.9   | 2.0                       | 2.1    | 2.2   | 10.0  |
| Revolving Loan Fund                            | .1    | .1    | .1                        | .1     | .1    | .5    |
| Facilities & Equipment                         | 1.6   | 1.6   | 1.8                       | 1.8    | 1.3   | 7.5   |
| Research & Development*                        | .2    | .2    | .2                        | .2     | .2    | 1.0   |
| Total Capital Programs                         | 3.7   | 3.8   | 3.8                       | 3.9    | 3.8   | 19.0  |
| Operations & Maintenance<br>(Trust Fund share) | 1.6   | 1.8   | 2.0                       | 2.2    | 2.4   | 10.0  |
| Total Expenditures                             | 5.3   | 5.6   | 5.8                       | 6.1    | 6.2   | 29.0  |
|                                                | ----  | ----  | ----                      | ----   | ----  | ----  |
| <u>TRUST FUND REVENUES**</u>                   | 4.2   | 4.5   | 4.7                       | 4.8    | 5.4   | 23.6  |
|                                                | ----  | ----  | ----                      | ----   | ----  | ----  |
| BALANCE                                        | <1.1> | <1.1> | <1.1>                     | <1.3>  | <0.8> | <5.4> |
| <u>UNCOMMITTED SURPLUS:</u>                    |       |       |                           |        |       |       |
| Prior Year End                                 | 5.6   | 4.5   | 3.4                       | 2.3    | 1.0   |       |
| Year End                                       | 4.5   | 3.4   | 2.3                       | 1.0*** | 0.2   |       |

\* Includes \$25 million set-aside for airport R&amp;D.

\*\* Based on OMB projections.

\*\*\* If FY '91 (or '92) surplus exceeds \$1 billion, trust fund taxes are suspended (until surplus falls below \$900 million); and no trust fund monies may be expended for O&M.

TABLE 2

## TRIGGER PENALTY CLAUSE

## OPERATIONS AND MAINTENANCE FUNDING FROM AVIATION TRUST FUND

| AIP and F&E<br>Appropriations<br>Below full Auth.      | FY'88     | FY'89     | FY'90     | FY'91     | FY'92     |
|--------------------------------------------------------|-----------|-----------|-----------|-----------|-----------|
| \$0M<br>(Full Funding)<br>O&M TF share not<br>reduced) | \$1,600 M | \$1,800 M | \$2,000 M | \$2,200 M | \$2,400 M |
| \$100M<br>(O&M TF share<br>reduced by \$300M)          | \$1,300 M | \$1,500 M | \$1,700 M | \$1,900 M | \$2,100 M |
| \$200 M<br>(O&M TF share<br>reduced by \$600M)         | \$1,000 M | \$1,200 M | \$1,400 M | \$1,600 M | \$1,800 M |
| \$300M<br>(O&M TF share<br>reduced by \$900M)          | \$700 M   | \$900 M   | \$1,100 M | \$1,300 M | \$1,500 M |
| \$400M<br>(O&M TF share<br>reduced by \$1.2B)          | \$400 M   | \$600 M   | \$800 M   | \$1,000 M | \$1,200 M |
| \$500M<br>(O&M TF share<br>reduced by \$1.5B)          | \$100 M   | \$300 M   | \$500 M   | \$700 M   | \$900 M   |
| \$600M<br>(O&M TF share<br>reduced by \$1.8B)          | \$ 0      | \$ 0      | \$200 M   | \$400 M   | \$600 M   |
| \$700M<br>(O&M TF share<br>reduced by \$2.1B)          | \$ 0      | \$ 0      | \$ 0      | \$100 M   | \$300 M   |
| \$800M<br>(O&M TF share<br>reduced by \$2.4B)          | \$ 0      | \$ 0      | \$ 0      | \$ 0      | \$ 0      |

AOC/AAAE propose including a penalty trigger to require that Trust Fund obligational authority for airports be met before FAA operations and maintenance (O&M). The current penalty should be stiffened so that O&M funding from the trust fund is:

- A. Limited to an amount not to exceed the level appropriated (obligation limitation) for AIP and the Revolving Loan Fund; and,
- B. Reduced by three times the amount unappropriated for AIP and Facilities and Equipment.

AIRPORT OPERATORS COUNCIL INTERNATIONAL  
FORECAST OF AIRPORT CAPITAL DEVELOPMENT & NOISE COSTS  
 (Billions of 1986 dollars)

|                                  | <u>1988</u> | <u>1989</u> | <u>1990</u> | <u>1991</u> | <u>1992</u> | <u>TOTAL</u> |
|----------------------------------|-------------|-------------|-------------|-------------|-------------|--------------|
| <u>CAPITAL &amp; NOISE NEEDS</u> |             |             |             |             |             |              |
| CS*                              | 4.4         | 4.5         | 4.6         | 4.7         | 4.9         | 23.1         |
| Reliever                         | 0.3         | 0.3         | 0.3         | 0.3         | 0.4         | 1.6          |
| GA**                             | <u>0.8</u>  | <u>0.9</u>  | <u>0.9</u>  | <u>1.0</u>  | <u>1.0</u>  | <u>4.6</u>   |
| Total                            | 5.5         | 5.7         | 5.8         | 6.0         | 6.3         | 29.3         |
| <u>CONTRIBUTIONS</u>             |             |             |             |             |             |              |
| Federal                          | 1.8(33%)    | 1.9(33%)    | 2.0(34%)    | 2.1(35%)    | 2.2(35%)    | 10.0(34%)    |
| States                           | 0.2 (4%)    | 0.2 (4%)    | 0.2 (4%)    | 0.2 (3%)    | 0.2 (3%)    | 1.0( 3%)     |
| Local                            | 3.5(64%)    | 3.6(63%)    | 3.6(62%)    | 3.7(62%)    | 3.9(62%)    | 18.3(62%)    |

\* CS = Commercial Service airports

\*\* GA = General Aviation airports excluding relievers

January 1987

STATEMENT OF ROBERT A. COOKE, VICE PRESIDENT, OPERATIONS, NATIONAL BUSINESS  
AIRCRAFT ASSOCIATION, INC.

Mr. Chairman and Members of the Subcommittee:

Thank you for allowing me the opportunity to appear before you today. I am Robert A. Cooke, Vice-President, Operations, of the National Business Aircraft Association, Inc. (NBAA), which represents the aviation interests of American Business. Our nearly 2900 member companies own and operate aircraft for use in meeting their daily business transportation requirements. As they are regular users of the airspace and of airports, and are regular contributors through taxes on aviation fuels, the status of appropriations from the Airport and Airways Trust Fund for the Federal Aviation Administration (FAA) in Fiscal Year 1988 is of vital importance to us. This is especially true considering that the delays and inefficiencies currently besetting the nation's air transportation system, about which we have all heard a great deal in the past few months, have adversely affected all who use the airspace and pay the user taxes, general and business aviation operators, as well as commercial airline passengers, alike.

At this point, we are extremely concerned with what appears to have been a total failure of the Congressional budget process to consider the needs of the air transportation system in setting budget priorities. Specifically, any budget resolution tied to or reducing current-year funding levels for aviation programs is simply inadequate. Such assumptions fail miserably to consider the adequacy of the present system to meet today's demand, much less anticipate tomorrow's, without full funding of the capital investment programs previously approved by Congress. Nonetheless, we are optimistic that the overwhelming need for increased funding of capital investment in this nation's air transportation system, coupled with the heightened public awareness of the myriad problems currently besetting it, will result in eventual enactment of an appropriations bill which includes sharply increased funding levels, making great strides toward addressing the needs which exist.

As symptoms of this strong need, we point to the sharply increased numbers of actual delays of aircraft, the number of complaints received by the Department of Transportation and, finally, the generally heightened awareness of the traveling public that this nation's system of air transportation is

rapidly falling behind in the race to keep up with demand for air travel. Though the FAA forecasts the number of IFR flights to be handled by en route controllers in FY 1988 will increase by only 3.4 percent, current calendar year figures show an approximate six percent increase over the previous year. Quite simply, the public's demand for air transportation will not be satisfied by a "business as usual" approach to the Congressional budgeting and spending cycles.

Thus, the central goal of the FY 1988 appropriations process must be to provide a level of funding equal to the task of addressing these problems. As you are aware, and as witnesses from the FAA and General Accounting Office have testified, the National Airspace System Plan (NASP), which is designed to modernize the antiquated air traffic control equipment currently in use, is behind schedule. These schedule slippages have been attributed to a variety of reasons, the most prevalent being the quite reasonable technical problems associated with a project of the ambition and magnitude of the NASP. However, the vast majority of the programs which comprise the NASP are now ready to move forward in Fiscal Year 1988, their technical and developmental problems having been largely overcome. Consequently, the NASP is reaching a critical phase of its lifespan. The FAA estimates that only 14 percent of all NASP projects will be completed in FY 1987 while some seventy percent of all major NASP projects will have been contracted for by September with about ninety percent of them well underway. Any inability to appropriate adequate funds from the Airport and Airway Trust Fund for the NASP will result in additional delays in modernization of ATC. That this would occur while the Trust Fund's unobligated balance hovers near \$5 billion would be intolerable.

Similarly, airport development has not kept pace with demand. Many of the nation's largest airports are handling levels of traffic well above that for which they were designed. The last major new airport in this country, Dallas/Fort Worth, was completed in 1976. General aviation, reliever and small commercial service airports are being subjected to strong pressures to expand as a manifestation of even the most remote location's need for access to the air transportation system. At the same time, these airports often lack the most fundamental facilities needed to ensure the kind of safe and reliable operations the public demands and has grown to expect.

Enhancing the capacity of the air transportation system to enable it to safely and efficiently handle increasing levels of traffic must be the priority of Congress. While the incomplete status of reauthorization does not present ready targets for funding levels, we would point to the Administration's FY 1988 budget proposals as indicative of the amounts needed. We remain optimistic a way will be found to appropriate this level of funding. Additionally, we present the following comments on specific FAA programs for the coming fiscal year.

#### FACILITIES AND EQUIPMENT

##### **Microwave Landing Systems (MLS)**

NBAA has strongly supported the development and timely implementation of Microwave Landing Systems. Our support of MLS has been based on the premise that it offers the opportunity for precision approach capability to many more airports with valid aeronautical needs than could otherwise be provided by ILS, or Instrument Landing System, equipment. Our support of MLS derives directly from our membership. In an effort to determine our response to the continual changes in the MLS program, we surveyed our membership in early 1986, asking them to tell us which airports would benefit from precision approach service. The response surprised even the most optimistic on our staff. Over 400 of our member companies nominated 470 airports and 484 runway ends needing precision approach capability. The survey also led us to a number of conclusions about the MLS program:

1. There exists an unmet aeronautical need for precision approach capability at airports that the FAA has not recognized. This need is based primarily on improved safety and, to a lesser degree, improved utility and capacity that such capability provides.
2. Based on the airports identified by our member companies and the current precision approach policy of the FAA, business aviation's requirement for precision approach capability can only be reasonably satisfied with the implementation of MLS.
3. Business aviation's requirements for additional precision approach capability are simply not being met by FAA's MLS implementation program. Few of the airports identified by our member companies are in the current FAA implementation plan, nor are they expected to be included in the FY 1988 MLS implementation plan. This is caused by FAA's total reliance on cost/benefit analyses which almost totally ignore business aviation's needs. In fact, the quest for efficiency in scheduled air carrier turbojet operations override the safety needs of all other categories of operations.
4. Business aviation does not need additional precision approach capability at airports already so equipped. In fact, in the vast majority of cases where airports with existing precision approach capability were



cited by our members as requiring additional capability, a non-precision approach runway is identified. This is in sharp contrast to the FAA's dogged pursuit of installation of MLS on runways which already have ILS, and its narrow goal of substitution of one service in place of the other.

5. Business aviation's needs for precision approach capability is following industry to the Sun Belt. Most airports identified are either in Sun Belt states or Northeast industrialized states.
6. Precision approach equipment must be provided for runways which are smaller than the nominal and arbitrary requirement for a runway measuring 3500' x 75', which is found in Airway Planning Standard #1 (APS-1).
7. The FAA's continued dependence on APS-1 is an impediment to the rapid, beneficial implementation of MLS. Retrogressive in concept, APS-1 fails to give any credible value to the operational needs of non-commercial turbojet and turboprop operators.
8. Without substantial upgrading tantamount to replacement, the "first buy" MLSs will never be able to support other than Category I operations, a curved approach path or precision distance measuring equipment, all of which are sophisticated portions of the MLS concept with application only at major hub airports.
9. No early benefit accrues in terms of operational improvement or user inducement to equip with airborne receivers from the installation of "first buy" MLS on runways already equipped with Category I (or better) ILS.
10. Installation of the "first buy" of MLS on runways that already have ILS or that will require greater coverage volume or lower minimums will result in added expense to the FAA when these systems must be removed and replaced with a newer generation MLS.

FAA often overlooks the valid needs of a major segment of civil aviation. Moreover, its MLS implementation plans would not allow for a net increase in precision approach capability in the U.S.

First generation, Category I-only MLSs should be installed at airports that do not have a full ILS. This will result in early implementation of MLS, early operational use and experience gained by a segment of the aviation community that has demonstrated a valid need for the service and reduced program costs for the FAA as these MLS systems will not have to be relocated at a later date.

In addition, FAA should also give serious consideration to the reinstitution of the "Small Community" MLS program. Business aircraft performance and mission requirements have resulted in the use by turbojet and turboprop aircraft of runways that cannot meet the arbitrary Airways Planning Standard (APS-1) criteria. Further, these same runways do not have the need for large azimuth coverage volumes nor expensive approach light systems.

In summary, we feel that the FAA is on the verge of a real breakthrough in the MLS program. It has an opportunity to provide near-term improvements in airport capacity and safety while, at the same time, gaining early user acceptance and operational experience with this new precision approach aid. It only takes the adoption of a visionary approach to the implementation of MLS, and a rejection of policies and attitudes which serve only as institutional barriers to progress. We therefore urge that full funding be appropriated to force the MLS program to go forward and that the "second buy" proceed as close to schedule as possible.

#### Flight Service Stations (FSS)

Flight Service Stations make up a critical part of a smoothly operating Air Traffic Control system. The services provided go well beyond the common notion that the FSS's sole job is providing weather information. They also provide:

1. Weather observations
2. Airport Advisory service at airports without control towers or where the tower is temporarily closed
3. Navigation aid monitoring
4. Relay of ATC clearances and instructions
5. Search and rescue functions
6. En Route Flight Advisory Service (EFAS)
7. Flight plan handling (both IFR and VFR)
8. Law enforcement message services
9. International movement and control message service, as well as others.

All segments of the aviation community use FSSs at one time or another, so FSS is a critical element of the ATC system.

FAA's FSS modernization program was designed to provide aviation flight services at reduced cost through automation and consolidation of some 320 old manual stations into 67 hubs (or Automated FSSs; AFSS) and, thereby, reduce the manpower required while meeting the expected demand for flight services.

The AFSS program is now seven years behind schedule. The program history is littered with inadequate management, hardware and software problems, and bureaucratic indifference resulting in unacceptable system performance and unmet demand for flight services. Consolidation, the "cart", has gotten well ahead of its "horse", modernization, and service has suffered. At the very least, this situation causes annoyance and frustration on the part of pilots trying to obtain flight services. At the worst, and we are near the worst, if not already there, aviation safety is compromised.

We strongly support modernization of FSSs but consolidation must be kept in synchronous harmony with it. So long as modernization is delayed, we must appropriate sufficient funds to maintain the FSS system we have. Modernization of existing facilities may be warranted. Certainly reductions in staffing must stop. The FSS system needs competent management, more people and better equipment to do the job they are tasked to do. Whatever the price, the system must be made to accommodate demand before we resume consolidation.

#### AIRPORT IMPROVEMENT PROGRAM

In sharp contrast to the F&E account, which is comprised of specific hardware and software projects, the Airport Improvement Program (AIP) is primarily responsible for grants to airport sponsors for improvements at existing airports. As we noted earlier, the lack of adequate airport capacity is a bottleneck in the air transportation system. Even more to the point, however, is the lack of Federal commitment to comprehensive, rational, long-range planning for airport improvement and construction.

As the Subcommittee may be aware and as a result of a provision in the 1982 Act, the FAA has generated a National Plan for an Integrated Airport System (NPIAS). The NPIAS, which represents an organized, long-range plan for airport development, details the status of all public-use airports in the country, their needs and the need for additional airports. Unfortunately, very few consider the NPIAS and the needs it represents when discussing the airport funding.

The NPIAS represents the unfulfilled Federal commitment to airport development as the funding requirements it identifies have never been fully considered. More to the point, those needs will continue to increase until such time as adequate funding from the Trust Fund is supplied. We urge this Subcommittee to recognize these needs and to provide AIP funding at the level requested by the Administration for FY 1988.

#### OPERATIONS AND MAINTENANCE

When considering the appropriation for the FAA's Operations and Maintenance (O&M) account, we urge you to reject the Administration's proposal for elimination of the so-called "penalty clause", allowing 85% of this account's funding to be provided by the Trust Fund. While numerous studies have been

used to justify such a "raid", they are flawed by a presumption that a strong national system of air transportation only benefits direct users. Aside from the inappropriate methodology employed, these studies generally overlook the substantial economic and societal benefits to the nation as a whole through a strong, viable system of air transportation.

The likelihood of the "penalty clause" being repealed as part of the reauthorization is remote, even though the Trust Fund's "contribution" to O&M may be increased by the eventual statute. In your deliberations, we urge you to keep uppermost in mind the adverse precedent such increases would have on the user tax concept.

#### CONCLUSION

Overwhelming, identifiable needs for increased spending from the Trust Fund exist. Without increases, the nation's air transportation system will not recover from the myriad crises besetting it. Future growth of the system must be assured and the public's confidence restored in the ability of this Congress to make the difficult choices it eventually must. Congress must reverse the neglect the system has suffered by fully appropriating the funds proposed by the Administration and reserved for the purposes of modernization and capacity improvement.

As always, we stand ready to provide every assistance to this Subcommittee as it sets about its tasks. Thank you.

STATEMENT OF BRUCE B. HENRY, PRESIDENT AND EXECUTIVE DIRECTOR, NATIONAL  
ASSOCIATION OF AIR TRAFFIC SPECIALISTS

SUMMARY

- I. Introduction and Mission of FAA's Flight Service System
- II. Performance of Flight Service
- III. Shortage of Personnel Required to Accomplish Mission
  - o Recommendations
- IV. Report Language of the House Appropriations Committee
- V. Flight Service Stations - Model I, Model I Full Capacity and Model II
- VI. Proposal of FAA Administrator for Model I Full Capacity
  - o Additional Automated Flight Service Stations
- VII. Facilities and Equipment
- VIII. Conclusion

Mr. Chairman and distinguished members of this Subcommittee, I am grateful that you have provided me with the opportunity to express my thoughts and opinions relative to the 1988 Budget Requests of the Federal Aviation Administration. I am accompanied by Mr. Edward L. Huie, our Director of Legislative Affairs.

The Flight Service System is an integral part of the Air Traffic Control System. There are approximately 280 flight service stations throughout the United States. The personnel who staff the Air Traffic Control System are divided into three options and are designated by the Office of Personnel Management as Series 2152. They are called:

- 1. Air Traffic Control Specialists (station);
- 2. Air Traffic Control Specialists (terminal);
- 3. Air Traffic Control Specialists (center).

This association is designated by the Secretary of Labor as the exclusive representative of all the bargaining unit members who are Air Traffic Control Specialists (station), Series 2152. Additionally, all of these personnel are statutorily designated as Air Traffic Controllers (5 USC 2109).

While many believe the Flight Service System is only a distribution point for aviation weather products, a review of the mission, as published by the Federal Aviation Administration, describes a myriad of other functions vital to aviation safety.

### Flight Service Stations

The flight service station portion of the air traffic control system consists of an extensive network of landline teletype-writer circuits, point-to-point radio circuits, air-ground radio channels and related equipment for the exchange of air traffic control information, and for flight assistance services.

The primary functions of the flight service station system are: (1) the provision of flight assistance (pre-flight, in-flight, and emergency) and (2) the collection and distribution of meteorological and aeronautical information. Flight service stations provide pilot weather briefings and flight planning services to all categories of civil aviation. All VFR flight plans are handled by the flight service station system. IFR flight plans are received by flight service stations and transmitted to air route traffic control centers. Flight service stations also operate the military flight service system, sending flight notification messages to the destination base operations office for all itinerant military flights. In an average year, flight service stations also take approximately half of the nation's first order civil weather observations and operate the aviation weather telecommunications system.

An example of this performance may be found in the following chart, which provides information relative to flight assists (when pilot, crew, and passengers are in jeopardy) or "saves" by Air Traffic Control Specialists over a time span of six years. Please note that percentages for Flight Service, in these emergency actions, are very high when one considers that the system is only endowed with one-fifth of the total controller work force.

#### FLIGHT ASSISTS

| <u>CALENDAR YEAR</u> | <u>TOTAL</u> | <u>PEOPLE ON BOARD</u> | <u>FLIGHT SERVICE SYSTEM</u> | <u>TERMINALS</u> | <u>CENTERS</u> | <u>FLIGHT SERVICE SYSTEM - PERCENT</u> |
|----------------------|--------------|------------------------|------------------------------|------------------|----------------|----------------------------------------|
| 1980                 | 2,695        | 5,413                  | 954                          | 1,206            | 535            | 35.4                                   |
| 1981                 | 1,933        | 3,654                  | 867                          | 777              | 289            | 44.8                                   |
| 1982                 | 959          | 1,899                  | 462                          | 358              | 139            | 48.2                                   |
| 1983                 | 1,005        | 2,323                  | 459                          | 406              | 140            | 45.7                                   |
| 1984                 | 1,069        | 2,852                  | 404                          | 467              | 198            | 37.8                                   |
| 1985                 | 1,181        | 2,093                  | 436                          | 529              | 216            | 37.0                                   |

Source: Hearings records of the House Appropriations Subcommittee on Transportation

A very serious problem in the Flight Service System is the shortage of personnel necessary to fulfill the requirements of FAA's stated mission.

In Fiscal Year 1987, the system suffered a loss of 185 positions. The Flight Service System is now operating the 4410 positions, while only a few years ago there were 5100 positions in the system. In testimony before the House Subcommittee on Aviation (99-60), the FAA stated that they had recommended 4717 positions to the Department of Transportation for Fiscal Year 1987. Accordingly,



the system is now operating with 307 positions below the FAA's stated requirements.

To follow on, the Administration's request for Fiscal Year 1988 is a reduction of an additional 185 positions, making the system 492 below FAA's requirements.

With the House Appropriations Committee reporting (99-704) that no personnel savings have been achieved in the consolidation program, and that the private sector is providing only 1.3 percent of all pre-flight services, we have every reason to doubt the Administration's unsupported justifications for their recommended and drastic personnel reductions.

Mr. Chairman and members, this association is grateful for your aviation safety action on the 1987 Budget Request, in restoring one-half of the 740 position reduction as recommended by a less safety-minded Administration. Without your intervention, the Flight Service System, and general aviation safety, would now be in shambles.

While the Federal Aviation Administration and the Administration are telling the Congress that all is well, and they can handle the Flight Service System with fewer positions, they are telling the user pilot an entirely different story in a publication entitled: United States Government Flight Information Publication - Airport/Facility Directory, published by the U. S. Department of Commerce, with input by the FAA. Of significance are a few excerpts from that document:

TEMPORARY FSS CLOSURES/REDUCED HOURS

East Central U. S.

*Due to personnel shortages*, the Federal Aviation Administration has temporarily closed or reduced operating hours for an extended duration at the following Flight Service Stations:

Reduced Operating Hours:

Houghton, MI

North Central U. S.

*Due to personnel shortages*, the Federal Aviation Administration has temporarily closed or reduced operating hours for an extended duration at the following Flight Service Stations:

Reduced Operating Hours:

Chadron, NE  
Chanute, KS  
Dodge City, KS  
Emporia, KS

Closed: Hill City, KS

Ottumwa, IA  
Sidney, NE  
Vichy, MO  
Watertown, SD

South Central U. S.

*Due to personnel shortages*, the Federal Aviation Administration has temporarily closed or reduced operating hours for an extended duration at the following Flight Service Stations:

## Reduced Operating Hours:

|               |                           |
|---------------|---------------------------|
| Abilene, TX   | Lake Charles, LA          |
| Alice, TX     | Las Vegas, NM             |
| Carlsbad, NM  | Lufkin, TX                |
| Childress, TX | Midland, TX               |
| Dalhart, TX   | Mineral Wells, TX         |
| Deming, NM    | Palacios, TX              |
| El Dorado, AR | Ponca City, OK            |
| Gage, OK      | Truth or Consequences, NM |
| Harrison, AR  | Tucumcari, NM             |
| Hobart, OK    | Wink, TX                  |

Northwest U. S.

*Due to personnel shortages*, the Federal Aviation Administration has temporarily closed or reduced operating hours for an extended duration at the following Flight Service Stations:

## Reduced Operating Hours:

|           |             |
|-----------|-------------|
| Baker, OR | Rawlins, WY |
|-----------|-------------|

Southwest U. S.

*Due to personnel shortages*, the Federal Aviation Administration has temporarily closed or reduced operating hours for an extended duration at the following Flight Service Stations:

## Reduced Operating Hours:

|                      |                |
|----------------------|----------------|
| Akron, CO            | Imperial, CA   |
| Blythe, CA           | Marysville, CA |
| Crescent City, CA    | Thermal, CA    |
| Daggett, CA          | Tonopah, NV    |
|                      | Ukiah, CA      |
| Closed: Lovelock, NV |                |
| Montague, CA         |                |

(Italics supplied)

With the consolidation program on the leading edge of implementation; with the installation of Model I equipment; with the relocation of hundreds of employees and their families; with a vast retraining program; and with proposed personnel reductions, we fail to see how the FAA can possibly comply with the provisions of 49 USC 2224, which requires "as good as or better than the service provided when the station was open. . .".

In testimony before this Committee, and other committees as well, the FAA has frequently characterized the existing Flight Service System as being unnecessarily labor intensive, and stated that vast sums could be saved through automation. We have not seen the fulfillment

of that prophecy with the Model I operational installations. In fact, we find that just the opposite is true. Some administrative burdens are eliminated but, in the main, more information is provided for the specialist to interpret and pass on to the user pilot. Accordingly, a weather briefing takes a longer period to provide, rather than a shorter one. We do not believe the FAA will instruct journeymen to omit essential elements of weather information (to save time) provided by Model I, since this would violate every possible safety principle.

Even with DUATS and the voice response system, we now believe that most pilots will even then desire and request a direct interpretive communication with an FSS journeyman, due to abbreviations format and acronyms contained in the National Weather Service products. Very few general aviation pilots have an understanding of weather reports which even approaches the comprehension of FSS journeymen. To fly without an interpretive briefing is indeed dangerous for most pilots.

More and more we are coming to the conclusion that it is neither practical nor feasible to fully automate the complexities of the FSS system in spite of the growing predictions by early on FAA planners.

We recommend that:

- o The personnel positions authorized and funded for the Flight Service System in FY 1988 be established at 4,717, as recommended by the FAA to the Secretary of Transportation for FY 1987.
- o Flight service stations, which have been closed or part-timed due to personnel shortages, be restored to original manning levels in effect prior to the closing or part-timing action.

The recent action by the House Appropriations Committee in its Report on the 1987 Supplemental Appropriations Bill (Report 100-28 of March 25, 1987) will, if approved by both Houses, have a long-range and beneficial effect on the entire Flight Service Modernization and Consolidation Program. The language is quoted:

#### FLIGHT SERVICE STATION CONSOLIDATION

The Committee directs the FAA to halt any further closures of flight service stations and consolidations of those stations unless the service area will be served by an automated flight service station with Model I or better service.

Now for the first time, we would have illuminating language which specifically defines the meaning of "equal or better service" as set forth in 49 USC 2224. This is an excellent definition which enables all parties concerned to easily determine the meaning of "equal or better" and can be applied to every flight service station on a case by case basis.

Furthermore, we see this language providing guidelines for the orderly accomplishment of the Modernization and Consolidation Program. It fits in exactly with our long-held firm position of "modernize first, then consolidate."

At the present time, there are thirteen Flight Service Data Processing Systems (FSDPS), operating or planned, located at thirteen enroute air traffic control centers. The FSDPS are the computers and ancillary equipment which drive and provide information to the Model I Automated Flight Service Stations (AFSS).

Concurrently, there are 37 AFSSs operating or planned, which are designed to retail aviation products and other information to the user pilot.

It is important to note that these 37 Model I AFSSs completely utilize the full capability of the 13 FSDPS.

Stated another way, the present FSDPS installations cannot support more than 37 Model I AFSSs, which is all in accordance with FAA's overall plan.

The NAS plan calls for Model II to come on line at this time and be installed at the 24 remaining AFSS sites.

As we all know, Model II is years behind schedule, even to the extent that the Congress has withheld funding until some meaningful clarification can be provided by the FAA. The General Accounting Office is currently conducting a study of this subject.

Realizing the current situation, the Federal Aviation Administrator has submitted a proposal in his letter of February 17, 1987 (copy attached).

One paragraph, which is quoted, outlines the proposal:

This plan would deploy the hardware already purchased under the existing contract to all 61 AFSS locations. The new system configuration would consist of four computers as opposed to the three-computer configuration of the current Model I system. It would require software development to enable the Model I software presently used in AFSS's to properly function on the new hardware configuration. We

would be adding only system capacity and not any additional functional capabilities. The enclosed table is a comparison of the system configuration and capabilities of the current Model I system, the proposed full capacity Model I (MIFC) system, and the Model 2 system.

Please note that this proposal only increases *capacity* and does not add any functional *capabilities* to Model I.

With this proposal, it would be necessary to add capacity to the FSDPS installations at the enroute centers. This increased capacity would, in some cases, provide for not only the 61 stations, but also additional modest AFSSs in unique geographic locations where a requirement may develop after the 61 station locations are operating. This would be consistent with FAA testimony before the House Subcommittee on Aviation in June, 1986 (99-60, page 269):

With the 61 fully active, automated stations in operation, we will determine if any of the other facilities should remain longer in the inventory. At this time, it is too early to tell what will be needed to assure the proper level of service in all instances.

Your attention is invited to the FSAS Comparison Chart enclosed with the Administrator's letter of February 17, 1987. You will note that Model I Full Capacity (MIFC) has the same capability as the existing Model I, but falls far, far short of the elusive Model II, which embraces sixty-nine additional functions not found in Model I.

Some insight may be obtained from the 1987 House Appropriations hearings with FAA witnesses (page 811, part 6):

Mr. Lehman. Since weather graphs and DUATS can be independently added to flight service stations now, what is left for Model 2 to do?

(The information follows:)

The baseline Model 2 System must provide centralized receiving, processing, editing, distribution, maintenance and archiving of alphanumeric weather messages including national base maintenance.

Sixty enhanced or new capabilities are made available to the specialist to improve and expedite services to the user and to reduce editing tasks.

Mr. Lehman. What is the difference in the amount of money which could be saved and redirected between canceling all of Model 2 and canceling only Model 2 DUATS?

(The information follows:)

Approximately \$2 million of F&E funds will be saved if we use existing private sector technology to satisfy our requirements for DUATS. No money would be saved for the yearly operating costs for a DUAT system. Although between \$50-60 million of F&E funds could be saved if the Model 2 program were canceled, it would result in higher overall costs to the FAA.

The FAA would never be able to realize the benefits to be gained from full automation and consolidation if the Model 2 program were canceled. A Model 2 cancellation would re-

quire the FAA to continue to staff and operate a highly labor intensive and decentralized system of over 200 FSS's.

The fifth paragraph of the FAA Administrator's letter raises some questions and is quoted:

We believe that no matter what the outcome of the GAO study it makes sense to proceed with this approach. Any funds expended on this plan will not be lost. If the results of the GAO study are positive, as we believe they should be, the additional software functions could be incorporated into MIFC at some future time. On the other hand, if the results are negative, we will still be able to complete the automation and consolidation aspects of the program by implementing MIFC.

Since the modernization program has been stumbling along since the 94th Congress and fraught with problems at every turn, we believe the term "future time" should be defined so that all concerned parties will know the target date for completion.

Furthermore, we would like more definition of the term "additional software functions" so that a realistic comparison can be made between MIFC and Model II.

We have a deep and abiding interest in making sure that our journeymen have the very best aviation safety tools to carry out their safety mission and responsibilities.

We are pleased to note that the FAA is requesting \$81,894,000 to fund Facility and Equipment projects in Fiscal Year 1988. This compares to a request of zero dollars in Fiscal Year 1986 and \$55,516,100 in Fiscal Year 1987.

We believe that all the projects planned are indeed meritorious and are particularly pleased to see that the Very High Frequency Direction Finder Network program continues to be supported. This project alone will result in more successful emergency actions by Flight Service and save additional lives in general aviation.

We regret to note the resignation of Vice Admiral Engen as FAA Administrator. We have held him in high esteem during his entire tenure and believe that his efforts under very difficult circumstances represent a contribution of major proportions to aviation safety.

Thank you, Mr. Chairman, and members of this Subcommittee.



LETTER FROM DONALD D. ENGEN, ADMINISTRATOR, FEDERAL AVIATION ADMINISTRATION

The Honorable William Lehman  
Chairman, Subcommittee on Transportation  
Committee on Appropriations  
House of Representatives  
Washington, DC 20515

FEB 17 1987

Dear Mr. Chairman:

We have achieved some significant accomplishments in our flight service station modernization program over the past 12 months. At the same time, however, we have reached the stage where additional decisions are critical to the timely and successful completion of the program. I am taking this opportunity to bring these issues to your attention and solicit your support.

As directed in your letter of September 13, 1986, the Federal Aviation Administration (FAA) has not taken any action to resume the development or implementation of Model 2. We have installed Model 1 in 37 of the 61 automated flight service stations (AFSS) as planned, and we expect that equipment will be operational in all of those locations by the end of this fiscal year. Our success with Model 1 has brought us to the point where we must move forward with the planning for automation at the other 24 AFSS's.

At your request, the General Accounting Office (GAO) has initiated an analysis of the costs and benefits of the remaining Model 2 requirements. We understand this analysis is to be completed within the next 45 days. In view of the lead time required to initiate contractor development, we believe the most prudent course of action for the FAA would be to proceed with a plan to increase the operating capacity of the Model 1 system.

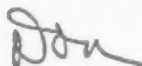
This plan would deploy the hardware already purchased under the existing contract to all 61 AFSS locations. The new system configuration would consist of four computers as opposed to the three-computer configuration of the current Model 1 system. It would require software development to enable the Model 1 software presently used in AFSS's to properly function on the new hardware configuration. We would be adding only system capacity and not any additional functional capabilities. The enclosed table is a comparison of the system configuration and capabilities of the current Model 1 system, the proposed full capacity Model 1 (M1FC) system, and the Model 2 system.

We believe that no matter what the outcome of the GAO study it makes sense to proceed with this approach. Any funds expended on this plan will not be lost. If the results of the GAO study are positive, as we believe they should be, the additional software functions could be incorporated into M1FC at some future time. On the other hand, if the results are negative, we will still be able to complete the automation and consolidation aspects of the program by implementing M1FC.

In conjunction with our plans for M1FC, we will continue with the acquisition and deployment of the private sector graphics and direct user access systems.

This plan will enable the FAA to meet its responsibilities to the users of today's system, as well as those of the coming decades. It will also satisfy our commitment to those communities that have provided space for the AFSS's, many at \$1 a year. We solicit your support of this proposal and are available at your convenience to discuss the matter in detail.

Sincerely,



Donald D. Engen  
Administrator

Enclosure

# FSAS COMPARISON CHART

## MODEL 1

## MODEL 2

## MODEL 1

## MODEL 2

### System Configuration

### System Configuration

### System Configuration

- 13 PSDPS's
- 37 AFSS's

- 23 PSDPS's
- 61 AFSS's
- 2 AMP's

- 23 PSDPS's
- 61 AFSS's
- 2 AMP's

### System Capacity

### System Capacity

### System Capacity

- 3 CPU/PSDPS
- No Expansion
- 64 Terminals/PSDPS
- 6 AFSS's/PSDPS
- 35 Terminals/AFSS
- Supports Limited Consolidation

- 4 CPU's/PSDPS
- No Expansion
- 150 Terminals/PSDPS
- 8 AFSS's/PSDPS
- 48 Terminals/AFSS
- Supports Full Consolidation

- 4 CPU's/PSDPS
- Expansion to 8 CPU's
- 180 Terminals/PSDPS
- 11 AFSS's/PSDPS
- 48 Terminals/AFSS
- Supports Full Consolidation

### System Capabilities

### System Capabilities

### System Capabilities

- Alpha Numeric Only
- Weather Information
- Route Weather Briefings
- Flight Plan Filing
- Activity Recording
- Event Reconstruction
- National Airspace Data Base

- Same as Model 1 (No Software Changes)

- Package One
- All Model 1 Capabilities
- Improved Response Time
- Function Keys
- Automatic Message Addressing

- Package Two
- Grid Winds
- Enroute/Terminal Messages
- RADIN Interface
- 40 Other Functions

- Package Three
- Line Area Penetration
- DP Data Processing
- 21 Other Functions

STATEMENT OF MAJ. GEN. EVAN L. HULTMAN, AUS (RETIRED), EXECUTIVE DIRECTOR,  
RESERVE OFFICERS ASSOCIATION OF THE UNITED STATES

Mr. Chairman and Members of the Committee:

This is my first opportunity, as the new Executive Director of the Reserve Officers Association, to address this subcommittee and to present testimony regarding Authorizations, for the U.S. Coast Guard. It is a distinct pleasure for me, speaking from a national security perspective, to address the concerns we have for the Coast Guard, which must always be a vital, energetic, forward-looking and efficient member of our military team. The Coast Guard's can-do attitude reflects a service whose skills and spirit should be nourished and strengthened to the utmost that your Committee and the Congress can provide.

As a bottom line, I urge that you support, as a minimum, the total Coast Guard budget request for some \$2.739 billion. In taking this position, we do not for a moment believe that this budget request represents a cure-all proposal; in fact, all concerned recognize it as, essentially, a no growth budget. Nevertheless, it does annualize activities initiated by Congress last year and sets the stage for the continuation of funding for operations that have, in the past, had to be covered by extraordinary funding through the Department of Defense.

ROA is in no position to attempt to micro-manage the Coast Guard; however, we are concerned that Coast Guard stations, vessels and equipment are, at all times, maintained at a readiness peak. Such readiness levels are not only essential to the peace-time training of Reservists, they are also critical to the success of Coast Guard missions when a national emergency or mobilization occurs. In this context, we note that the Acquisition, Construction and Improvement (A, C & I) account of the Coast Guard appears to hover every year close to, but under, \$300 million...as though there is some OMB magic associated with this "target." This figure remains relatively constant every year in spite of increasing sophistication, increases in the Coast Guard capital plant inventory, and increasing usage of

this equipment -- while, at the same time, aging, in many cases, introduces what could become a creeping paralysis. Previous analyses suggest that this account should, at least, be doubled. The Commandant on numerous occasions, has stated that a minimum annual A, C & I appropriation of \$500 million is needed. In fact, including Congressional add-ons, the Coast Guard A, C & I budget has averaged \$531.5 million per year, FY82 - FY87. However, again the Administration's FY88 A, C & I request falls under the \$300 million "target" at \$277.9 million -- a figure ROA considers woefully inadequate!

In Administration and other circles ROA has noticed the use of the term "reimbursable" when referring to Coast Guard activities defined to as matters peculiarly related to "defense readiness". This introduces, we believe, a sense of uncertainty when budgeting and planning for such functions. ROA suggests that such uncertainty can be eliminated by recognizing these activities as having been permanently vested in the Coast Guard by statute -- and as further clarified by such implementing policies as the Navy-Coast Guard agreement pertaining to the Maritime Defense Zones.

Again, in the interest of National Security, ROA looks to our nation's global flanks in the polar regions for which a modern force of at least four ice-breakers is needed - suitably equipped to further our defense posture, as well as to support our scientific endeavors, in those regions. It is our understanding that the Coast Guard has developed only conceptual designs for the two new vessels needed and that it is willing, (somewhat in keeping with the A-76 contracting-out philosophy) to have a shipyard assume total design-and-construction responsibility. ROA urges that any such contracts be placed in a U.S. shipyard for a host of national security interests, including preservation of a family of much needed skills in this country. Additionally, we urge that all major components as well be of U.S. manufacture, and that even tank testing be accomplished in the U.S. if at all possible.

ROA considers Congressional direction of such "Buy American" guidance to be very critical. For FY87, the House passed "Buy American" legislation in connection with Coast Guard procurement. The Senate did not, and the restriction fell out during joint conference. In recent testimony before the House Coast Guard and Navigation Subcommittee, Admiral Paul Yost, USCG, Commandant of the Coast Guard, stated that in the absence of specific Congressional restriction, the Coast Guard may be legally bound to accept "the lowest responsible bid -- and that bid might very well be foreign.

ROA strongly urges inclusion of a "Buy American" restriction in conjunction with any procurement approved in the FY88 Coast Guard Authorization Act. ROA further suggests that any such contracts so awarded be coupled with time and performance guarantees from the builder. Overall, the new icebreaker initiatives are very much in keeping with the forward defense strategies of the United States.

We note also that no funding is requested in the FY88 budget to build any replacement icebreakers -- funding is requested only to support a study of the pros and cons of lease vs. purchase. ROA is gravely concerned that the Administration's urge to privatize might lead to a decision to lease based solely on budget "line item" considerations. There are many questions to be answered which go far beyond the fact that the one year cost of a lease would be a smaller line item in the budget than would procurement. For example, can the Coast Guard "live" with an icebreaker built to civilian standards and manned by a civilian crew? How could a "civilian" polar icebreaker carry out missions assigned by the nation's war plans in time of national emergency or mobilization? Will an icebreaker built to "civilian standards" have immediately available the space and berthing required for increased wartime manning? What about immediate availability (without lengthy overhaul) of wartime armament, sensors, communications equipment, etc.? The questions are extensive and the decision must be based on more than mere "bottom line" and "privatization" mentality.

I might add, in passing, that many people appear to be misled when these vessels are referred to simply as icebreakers. One must keep in mind the concept of a vessel designed "sometimes to break ice," but more often to move other vessels expeditiously and safely in a medium which often consists of already broken ice, brash, sludge and water. Such passage negotiation with other vessels is often considerably more difficult than just breaking a path through virgin ice fields.

The most recent report of the DOD Reserve Forces Policy Board noted several areas of major concern involving the Coast Guard Reserve and pointed out the extremely critical nature of the port security mission and the need for that mission to be ready in the very first stages of mobilization. The Reserve Forces Policy Board noted the Coast Guard Reserve's significant shortfall in equipment needed for mobilization and then stated that the equipment available in the Active and Reserve Coast Guard would be unable to meet current requirements.

Because port security in support of coastal and harbor defense in the Maritime Defense Zones (MDZ) is about 75% of the wartime Coast Guard Reserve mission, proper equipping of these forces prior to an actual mobilization is necessary to ensure that the outload capability of these ports is maintained. Among the highest concerns is the oft cited deficiency in secure communications equipment which prevents the Coast Guard being an effective MDZ partner with the Navy. Purchase of this equipment now would also benefit peacetime drug interdiction and law enforcement efforts. Presently, drug smugglers listen with impunity to Coast Guard communications, finding out the interdiction plan before it's ever executed.

In hearings before various Armed Services subcommittees, RADM Alan Breed, USCG, Chief, Office of Readiness and Reserve, has referred to specific equipment requirements and deficiencies for the Coast Guard Reserve which were submitted to DOD for use in conjunction with the DOD Force Readiness Report, Vol. II (Material Readiness Report) Annex, (required by 10 USC 115a).



ROA has not seen that input, nor was RADM Breed permitted by the Department of Transportation/Office of Management and Budget to do more in his hearing statements than merely refer to the Report. He was not permitted to set forth any of the equipment shortages. However, we understand that a significant shortfall was identified in patrol boats/harbor craft, secure communications gear, vehicles, small arms, protective clothing, night vision devices, etc. We further understand that the total shortfall in portable secure communications equipment, night vision devices, and protective clothing exceeds \$22 million.

As far as ROA can determine, the Administration appears to have no definitive plans for the procurement of secure communications equipment, or for much of any other equipment needed for mobilization readiness. Although Admiral Yost recently testified that some new secure communications equipment was being bought, we note that Mr. Dennis Shaw, acting Assistant Secretary of Defense for Reserve Affairs, advised the House Armed Services Subcommittee on Readiness that "the Coast Guard is also addressing its mobilization equipment shortfalls, with plans to procure critically needed secure communications equipment" (Underscoring provided).

Most of the new equipment funded for the Coast Guard over the past 4 or 5 years has resulted from Congressional "add-ons" through the Defense Appropriation -- it has not been requested by DOT nor supported in the Transportation Appropriation process. We doubt that this situation will change significantly in the near future. Accordingly, ROA urges that this Committee take immediate action to ensure that all Coast Guard forces (not only Reservists) are soon and adequately equipped to perform their wartime tasks as part of our total military defense team. Unfortunately, the Coast Guard remains an "orphan" stranded between the DOT and DOD appropriations processes, receiving support for increased procurement from neither.

I have read that this budget, as proposed by the Administration, provides for a major upgrading of the Coast Guard Reserve -- but ROA finds a proposed Selected Reserve increase of 750 to be modest at

best, particularly when the requested end strength of 13,500 would meet only 49% of a documented mobilization requirement of 27,500. Such a proposal is a long way from matching the Selected Reserve strengths of the Department of Defense Reserve components, all of which currently stand at about 95%.

It should also be noted that FY87 Selected Coast Guard Reserve strength authorization was set at 14,400 by the Anti-Drug Act. While no specific supplemental funding was approved to support these numbers, DOT/OMB sought no way to accommodate the strength directed by the Congress. As usual, DOT/OMB ignored this direction in FY87 execution, and again in the FY88 budget submission.

Appearing recently before the House Subcommittee on Coast Guard and Navigation, Admiral Yost stated that the Coast Guard Reserve should be at a minimum strength of 24,500 (about 90% of requirement) in at least ten years; that extending the growth period longer than ten years is totally unacceptable -- particularly in view of the Coast Guard Reserve's ever-increasing role in the Maritime Defense Zone (MDZ) mission. He also noted that an annual increase of 1,100 (not the 750 requested for FY88) would be necessary to accomplish this goal.

The DOD Reserve Forces Policy Board has also stated unequivocally and strongly that additional personnel will be required in the Coast Guard Reserve to sustain mission capability as the tempo of wartime activities builds beyond the first few weeks of a conflict.

ROA heralds H.R. 1640, introduced 17 March by Congressman Bob Davis (R-MI) and several co-sponsors. This bill would increase the authorized personnel strength of the Coast Guard Selected Reserve to 14,000 in FY88 and 15,300 in FY89. Further, it requires SECDEF to submit to Congress a plan for the Coast Guard to meet 95% of its wartime requirements, including SelRes personnel, equipment and training resources, by 30 September 1998. ROA strongly urges support for this initiative, either as a separate bill, or preferably incorporated into the FY88/89 DOD Authorization Bill.

We understand that the additional Coast Guard SelRes personnel included in H.R. 1640 will require an additional \$2.5 million in FY88 Reserve Training funding.

Existing plans require that the crews of Coast Guard vessels be augmented in the event of mobilization. It was once deemed possible to satisfy these augmentation requirements, with Reservists drawn from trained Vessel Augmentation Units. That possibility appears elusive; the augmentation of crews will most likely be achieved from the Active duty forces, with Reservists quickly moving in as a solid backfill in the depleted and sensitive Port Security and related areas. This provides further justification for a much earlier enhancement of Reserve forces than present Administration planning indicates.

ROA would like to direct the subcommittee's attention to a totally unsatisfactory situation regarding Coast Guard Reserve Full Time Support (FTS) personnel. This is one personnel item that appears to have been overlooked in the past by Congress, or at least not singled out for attention, even though such personnel are essential to Reserve recruiting and training. Adequate FTS support is a matter that plagues the other Services also, but not to the same extent. Currently, the ratio of FTS personnel to SelRes personnel in the Coast Guard is 1:19, by far the most disadvantageous ratio of any of the Reserve Components. (DOD Reserve Components average an FTS/SelRes ratio of about 1:8) For the Coast Guard, current FTS personnel support is represented by 711 military and 112 civilian personnel. While we have seen some slow growth in Coast Guard SelRes strength over the past few years -- 11,700 to the FY87 funded level of 12,750 -- the number of FTS personnel has actually decreased due to arbitrary active strength reductions imposed by DOT. This trend is continued in the FY88 submission which requests an increase in SelRes strength to 13,500 but requests no increase in FTS personnel, thereby exacerbating an already unsatisfactory situation.

This ratio must be reduced significantly if the increases promoted by the Administration, and hopefully, throughout the next ten years by the initiative contained in H.R. 1640, are to be successfully

accomplished. Accordingly, ROA recommends an increase of 50 Coast Guard FTS personnel in FY88, and 50 each year for the next ten years, at an additional cost in FY88 dollars, of about \$1.7 million per year.

Last year ROA suggested that consideration be given to the re-establishment of a Coast Guard Reserve aviation mission to enhance Maritime Defense Zone capabilities and to provide peacetime training for this role through drug interdiction and related surveillance activity and area familiarization. In an interview some months ago with Admiral Yost, he stated to ROA that an aviation mission would be assigned to the Coast Guard Reserve. ROA reiterates the importance of a Reserve aviation mission as the Coast Guard goes about the task of establishing C-130 squadrons at Clearwater, FL; Elizabeth City, NC; and Sacramento, CA. As is done in both the Naval Air Reserve and the Air Force Reserve, Reserve augmentation crews could easily be assigned to those squadrons, taking advantage of Coast Guard aviation personnel who leave active duty and who currently have no place in the Coast Guard Reserve for their expensively acquired skills. Certainly in any mobilization situation, most of these aircraft will be flying 24 hours a day, seven days a week. Coast Guard aviation squadrons do not begin to have adequate active duty personnel assigned to accomplish such an operational level. Additional air and maintenance crews will be required. What better place to have them than in the Coast Guard Reserve - already assigned and trained.

In passing, one notes many references to major workload increases, and assignments of new responsibilities together with the dichotomy of minimal personnel increases, or in some cases, proposed reductions. An increasing consensus is in agreement that the Coast Guard cannot effectively carry out these additional duties without additional assets - personnel, equipment, funding, etc. Admiral Yost has already testified that the Coast Guard really needs an additional 2,000 active duty military personnel in FY88 -- an increase of only 600 was requested by the Administration.

I would suggest that the Congress, by the level of funding provided, affecting personnel strengths, readiness, etc., in effect

establishes the Coast Guard standard of performance. Accordingly, Congress must ultimately bear the burden (and credit where appropriate) of any reduced/enhanced levels of response. Of course it is partly to address the problems of growing responsibilities and limited resources that the Coast Guard, and all other Services, are going through the throes of various reorganizations. The intention is to "squeeze" personnel out of headquarters staffs at various echelons for use in operational areas. In fact, Admiral Yost has testified that the currently proposed Coast Guard District reorganization would make 500 personnel available to operational billets.

Since nearly all of these reorganizations involve centralization to some extent, it behooves all of us to perfect the Coast Guard's realignments as best we can while being mindful of the words of President Woodrow Wilson, an astute scholar and student of government, who said, "We are certified by all political history that centralization is not vitalization". President Eisenhower reiterated these thoughts when speaking of Wilson in a 1960 address at Mary Baldwin College.

Last year's ROA testimony concluded with the words to a song of some long-time (and perhaps old-time) Reservists. Now it may be appropriate to borrow from a Coast Guard chapel on Governor's Island the following words -- for those who might feel that the Coast Guard "doesn't have a prayer."

"O eternal Lord God, you alone spread out the heavens and rule the raging sea. Take into your most gracious protection our country's Coast Guard and all who serve therein. Preserve them from the dangers of the sea and from the violence of the enemy, that they may be a safe guard unto the United States of America, and a security for such as sail upon the seas in peaceful and lawful missions. In serving you, O Lord, may our sailors serve our country. Amen."

The Coast Guard obviously has an excellent institutional prayer which, in its own way, sets forth the vital nature of the Coast Guard mission. It is up to you, the Congress, to ensure that the Coast

Guard has more than a "prayer" as it endeavors to carry out this mission in today's, and tomorrow's, real world environment.

This concludes my testimony. I shall be pleased to answer any questions, Mr. Chairman, that you or other members may wish to ask.



STATEMENT OF SGT. MAJ. C.A. (MACK) MCKINNEY, USMC (RETIRED), LEGISLATIVE COUNSEL, THE NON COMMISSIONED OFFICERS ASSOCIATION OF THE UNITED STATES OF AMERICA

Mr. Chairman: The membership of the Non Commissioned Officers Association of the USA (NCOA) extends appreciation to the distinguished chairman and members of this subcommittee for the opportunity to submit its recommendations concerning the funding of the FY 1988 U.S. Coast Guard Appropriation Budget.

Hopefully, this subcommittee will appropriate funds or consider individual member support for the following programs:

- o fund the uniformed personnel strength of 39,042, as requested by the Commandant, U.S. Coast Guard.

- o fund reimbursements to USCG personnel for legitimate commercially-delivered health care to their dependents when federal facilities are not available or within reasonable commuting distances; and provide funds for Uniformed Services Treatment Facilities (USTFs) so that Coast Guardsmen and their families may receive care therein.

- o support a 4 percent increase in basic pay and allowances for USCG servicemembers effective 1 January 1988.

- o fund double dislocation allowance for USCG servicemembers transferred with dependents under permanent change of station (PCS) orders.

- o fund other increases in PCS reimbursements; i.e.- temporary lodging expenses; that offset out-of-pocket expenses incurred by USCG servicemembers, particularly in the lower enlisted grades.

- o support making permanent the New G.I. Bill.

- o support a full-COLA to the retired pay of USCG retirees and survivors.

- o fund severance payments for enlisted Coast Guardsmen, if authorized.

NCOA membership numbers some 170,000 noncommissioned and petty officers of the Armed Forces of the United States. The

majority are serving today in the active ranks of the uniformed services, including the United States Coast Guard.

I have fashioned the last words above to address a notable purpose- to remind all that the Coast Guard is a fully-qualified member of the nation's armed forces. It is highly capable of assuming a defensive or offensive role in times of national peril and has an experienced uniformed task force that can be as effective in war as in peace.

The United States Coast Guard is in a class by itself. Its missions are many and varied for such a small organization. In addition to drug interdiction and maritime safety, two of its top priorities; the Coast Guard must also be prepared to assume wartime tasks. This means that Coast Guard personnel have to be trained to handle a variety of unrelated tasks. To accomplish these multipurpose missions, the Coast Guard needs every uniformed member it has requested in the FY 1988 budget.

U.S. Coast Guardsmen are uniquely managed. Many of them are assigned independently to duty away from federal installations - more so than personnel of other services - and are required to cope with a different lifestyle. Many of them do not have locally-available military installations where they may use commissary and other resale stores, health care facilities or morale, welfare and recreational facilities. They dig deep in their pockets to pay for many benefits that are readily available to other members of the Uniformed Services. Yet, they are not provided extra compensation for the loss of these benefits.

For this very reason NCOA urges the appropriation of additional funds to fully reimburse uniformed Coast Guardsmen for legitimately-delivered commercial health care to their dependents when federal medical facilities are not available within a reasonable distance, and for the continuance of available medical care for those Coast Guardsmen and dependents in Uniformed Services Treatment Facilities (USTFs).

It is also the reason NCOA recommends additional funds to pay Coast Guardsmen more for permanent changes of station. As the Commandant of the Coast guard noted in his 1986 bulletin to all hands- "PCS costs are high and continue to increase. Travel, dislocation allowances and advance pay (which must be repaid), may not be sufficient to cover moving costs in all cases."

NCOA cannot reemphasize the unfairness of the Uniformed Services PCS program. It requires servicemembers to pay \$3 of every \$4 (\$2 of every \$3, by other counts) of the costs involved in moving at the discretion of the government. This is not a burden imposed upon civilian employees of the federal government.

Only one in six responding petty officers polled by the U.S. Coast Guard personnel office were satisfied with financial and other aspects of PCS moves. "More than two-thirds reported problems with PCS moves, temporary living allowance amounts and duration, cost of house hunting, frequency of moves and uncertainty about how long they will remain in a city when they are transferred there." About half also expressed concern about household goods weight allowances, the quality of moving services and what they perceive as inadequate reimbursement for damages. Sixty percent felt they could not enjoy ownership of "nice" furniture because of the possibility of mishandling during PCS moves.

NCOA believes this subcommittee can recommend increases in funds to pay double dislocation allowances (already authorized in law) and greater reimbursements to Coast Guardsmen undergoing PCS.

NCOA also seeks the subcommittee's individual member's support for making the New G.I. Bill permanent. There are many practical reasons why the proposal should be agreed to, but most important is the need to attract the best of young people to the uniformed Coast Guard.

Further, NCOA urges each member to stand pat on the budget resolution to provide full cost-of-living adjustments to Coast Guard retired pay. What has been promised to those who've served should be honored.

U.S. Coast Guardsmen who have served honorably but are denied reenlistment should under certain circumstances be entitled to a severance or rehabilitation payment when discharged or released. But they aren't. Why? Because the Department of Defense failed to keep a promise to include proposals for enlisted severance payments in any change to the military retirement system submitted to Congress. Last year, Congress accepted a change to the system but the recommended proposals, requested by the armed services committee and submitted by DoD, contained no provision for enlisted severance payments.

NCOA has asked the authorizing subcommittees having oversight on Coast Guard issues to consider this inequity. If the United States government currently authorizes severance payments for commissioned officers, federal employees and even foreign nationals on its payroll, it should do the same for regular nondisabled enlisted servicemembers.

In its effort to seek fairness, NCOA has encouraged the authorizing subcommittee to approve severance payments for enlisted Coast Guardsmen in its fiscal year 1988 authorization package for the United States Coast Guard. If it does, NCOA further encourages this subcommittee to appropriate the necessary money to fund the program.

Last, but not least, NCOA urges the full support of this subcommittee for a 4 percent increase in pay and basic quarters and subsistence allowances. There have been five (5) successive pay caps with comparable pay for Coast Guardsmen currently lagging more than 9 percent behind civilian wages. This is a worse situation than occurred in the mid- and late 1970s when tens of thousands of uniformed servicemembers "bailed out" of the armed forces because of inadequate compensation. This nation need not repeat its mistake of a decade or so ago.

Thank you.

STATEMENT OF ROBERT J. BROWN, PRESIDENT, SUBURBAN TRANSFER SERVICE, INC.,  
ON BEHALF OF THE AMERICAN TRUCKING ASSOCIATIONS, INC.

I. Introduction

Mr. Chairman and members of the Subcommittee, my name is Robert J. Brown, President of Suburban Transfer Service.

My company, which is based in East Rutherford, New Jersey, provides primarily contract truckload service. We are a small, well-run operation providing service to shippers in 28 states, ranging from Texas all the way up the East Coast. We operate 40 tractors, 100 trailers and five straight trucks, and in 1986 our revenues were \$4.7 million.

I currently serve on the Board of Directors of the New Jersey Motor Truck Association and the Board of Directors and Executive Committee of the Interstate Carriers Conference of the American Trucking Associations. I am also proud to serve on the Board of the Meadowland's Chamber of Commerce.

However, today I am representing the American Trucking Associations. As you know Mr. Chairman, ATA is the national trade association of the trucking industry. Through its affiliated trucking associations located in every state and the District of Columbia, as well as through its thousands of individual motor carrier members, ATA represents every type of class of motor carrier in the country, both for-hire and private, exempt and regulated.

Mr. Chairman, the trucking industry employs 7.1 million Americans, including 2.4 million truck drivers and generates annual revenues in excess of \$205 billion. Each year 5 million trucks log more than 458 billion miles with an overall safety record that is almost twice as good as that for automobiles. These trucks are operated by more than 260,000 American firms, of which 34,000 are regulated carriers.

In 1986, the trucking industry, as a whole, earned \$205 billion in gross freight revenues, representing 76% of our nation's freight bill and 5% of the Gross National Product. \$47 billion of total trucking revenues were accounted for by ICC-regulated motor carriers (Class I, II & III). The composite operating ratio for ICC-regulated motor carriers was 96.5%, with a corresponding profit margin of 1.74%. All trucks paid a total of \$16 billion in state and federal highway-use taxes; specifically, \$9.7 billion in state and local payments and \$6.3 billion in Federal Highway Trust Fund contributions. Large trucks paid approximately \$4 billion of the \$6.3 billion collected from trucks through federal highway-use taxes and \$4.6 billion of the \$9.7 billion state and local truck highway-use taxes (while accounting for only 3% of the total number of trucks registered).

The American trucking industry provides an essential transportation service to the largest economy in the world. In fact, that access to trucking is considered by businesses to be the second most important factor in deciding where to locate a new plant, ranking behind cost of property. It is clear that practical business decisions are made with the confidence that truck transportation will be available when needed.

ATA sincerely appreciates this opportunity to comment on the Fiscal Year 1988 budget of the Interstate Commerce Commission (ICC) and those portions of the U.S. Department of Transportation (DOT) budget which pertain to motor carriers. This statement is divided into two sections. The first section discusses the ICC budget; and, the second addresses the DOT budget.

II. SUMMARY OF POSITION

ATA believes that any continued reduction in the Commission's budget will jeopardize the agency's ability to carry out its regulatory functions delegated by Congress in the Interstate Commerce Act as revised by the Motor Carrier Act of 1980. The functions of primary importance to the national transportation system are as follows:

1. The regulation of motor carrier rates to ensure that shippers obtain reasonable, nondiscriminatory prices so that motor carriers obtain a fair return on their investment;
2. The enforcement of the licensing requirements for motor carriers to ensure the financial fitness and

- ability of operators, and the safety fitness of motor carriers, including the monitoring and enforcement of the insurance requirements of the law to protect the interests of the public and owners of the cargo; and,
3. The collecting and disseminating of motor carrier data to monitor the impact of regulatory and economic changes on the industry. This includes data reporting requirements for all Class I and Class II motor carriers, quarterly reports that provide meaningful interim data, and the use of a Uniform System of Accounts.
  4. The enforcement of household goods consumer protection regulations. National regional offices of the ICC play an essential role in responding to consumer complaints and in assuring carriers and agents comply with federal regulations. This vital service is necessary to protect the public and will be significantly damaged if the Commission's budget is drastically reduced.

Since the Motor Carrier Act of 1980, the Commission's budget has decreased from \$79.06 million to \$47.9 million in fiscal year 1987. Moreover, the number of full-time permanent staff employees has been reduced from 2,000 in 1980 to 748 on April 1, 1987. Through these measures, Congress has reduced the Commission's funding and manpower to a level unable to meet its needs to efficiently and effectively perform its responsibilities. The Commission is now at a critical point. Any further reductions will seriously jeopardize its ability to carry out its mandate of promoting vigorous, but safe, fair and lawful motor carrier competition.

Moreover, continued budget reductions will harm providers and consumers of transportation services who rely on the regulatory system for assistance and protection to produce a healthy, competitive trucking industry. ATA believes that the Congress can best achieve the efficient and effective transportation system it intended under the 1980 Act by appropriating \$47.9 million for the fiscal year 1988 ICC budget, and by designating that the funds be used foremost to staff those ICC departments which perform the primary regulatory responsibilities.

ATA also generally supports DOT's budget. We specifically endorse Secretary Dole's recommendation to this Subcommittee to make available \$50 million for the DOT Motor Carrier Safety Assistance Program (MCSAP) for 1988. That program is vital to improving highway safety. In addition, ATA supports the appropriation and expenditure for highway purposes of at least all of the revenue accruing to the Highway Trust Fund each year. Funds adequate to perform the needed research and development of the motor carrier industry should also be appropriated and spent. ATA urges DOT to take a more active role in promoting improved productivity and access for the trucking industry. ATA is also greatly concerned, as we know this Subcommittee is, about the inefficient handling of current rulemaking proceedings (a copy of pending efforts is attached). And finally, ATA strongly endorses the establishment of a Motor Carrier Administration within DOT, as generally outlined in S. 747, to provide a more streamlined, effective and equitable administration structure.

### III. THE INTERSTATE COMMERCE COMMISSION'S BUDGET

In the Motor Carrier Act of 1980, Congress liberalized the requirements for obtaining motor carrier operating authority. Rate regulation was maintained, and varying pricing options were promoted through specific changes. Increased public safety was sought through increasing the required motor carrier insurance levels and focusing on the fitness of applicants for motor carrier authority. Since Congress relaxed the regulatory constraints on entry and pricing, the need has increased for financial and operating data on motor carriers by the ICC and Congress to monitor the effects of the economy, as well as regulations on the industry.

ATA believes the ICC must continue to perform important motor carrier functions particularly in the areas of insurance monitoring, rate regulation, enforcement of safety, fitness requirements, and data collection. It must have adequate funding and staff to perform effectively



these statutory responsibilities. ATA therefore requests that this subcommittee appropriate \$47.9 million for the Commission's 1988 fiscal year budget of which approximately \$23.7 million should be dedicated specifically for the administration of motor carrier programs. \$23.7 million is based on 1987 useage and the allocation schedule printed in the President's FY '88 budget. ATA opposes any effort to Sunset the ICC or its regulation of motor carriage either through zero appropriations or an inadequate budget for fiscal year 1988. We applaud Chairman Rostenkowski's unwillingness to permit the Sunsetting provision in the Administration's Trade Bill. The issue of motor carrier regulation must be addressed on the merits, rather than through the budgeting process.

#### A. Data Collection on Motor Carriers

The Commission's Bureau of Accounts performs the essential function of collecting, evaluating, and disseminating motor carrier data. These data permit the ICC to fulfill its obligation to submit to Congress an Annual Report on the state of the motor carrier industry. These data are useful to the public and the Commission in the preparation of timely studies on the industry condition and problems, for example, the insurance crisis; fuel price and supply fluctuations; and, forecasting industry needs to meet economic demand.

Before May 1, 1987, almost 3,000 carriers were required by the ICC to file these data. This recent action eliminated much of the necessary information and can only result in overview of the motor carrier industry by an agency with no way to determine in a timely fashion the financial state of the industry or the effects of its actions upon trucking. All the data now required can produce is an after-the-fact information source so limited and so late as to be only of historical value.

These data are necessary for other federal agencies to monitor the performance and structure of the trucking industry. For example, the DOT used ICC required data to produce reports on the effects of deregulation, the causes of motor carrier bankruptcies and its National Transportation Statistics Annual Report. The Department of Commerce similarly uses ICC required data for its Statistical Abstract of the United States, and its U.S. Industrial Outlook. In addition, the General Accounting Office (GAO) has repeatedly sought to use current and comprehensive ICC required data for investigations such as the studies on industry pricing practices, and the present transborder trucking problems. In fact, the GAO has emphasized the necessity of, and benefits from current financial and operating data on ICC regulated motor carriers. Recently the GAO has indicated their reports to Congress, e.g., the ongoing Canadian/U.S. transborder study — nearly one year overdue, have been incomplete or inconclusive because they lack the requisite, current data under current reporting requirements.

The present lack of complete and comprehensive data on motor carriers is due to prior Commission rulemakings in 1980 and 1982 which totally eliminated data filing requirements for a very large industry segment namely smaller-sized carriers with annual revenue under \$1 million.

On March 31, 1987, the Commission issued its final decision in Docket No. 38904, Reduction of Accounting and Reporting Requirements for Motor Carriers of Property. The decision is not good for the trucking industry. In summary form, the ICC has:

1. Eliminated all quarterly and annual reporting requirements for Class II carriers which have annual revenues between \$1 - 5 million. Since only 2700 carriers were subject to the reporting requirements, the loss of these 1148 carriers will make it virtually impossible for the ICC to reasonably monitor and evaluate the trucking industry;
2. Adopted a one page quarterly report form which does not contain sufficient data for the ICC to assess the industry on an interim basis. ATA is proposing that the ICC adopt a more detailed, but streamlined three page quarterly report form;
3. Adopted, with minor changes, the ten page annual report developed for ATA by the accounting firm of Arthur Andersen & Co. for Class I carriers with annual revenues over \$5 million. This industry proposal drastically reduced the 60 page annual report form. Unfortunately,

the ICC's revised form eliminates some meaningful information schedules; and,

4. Downgraded the Uniform System of Accounts (U.S.O.A.) from the prescribed system of accounts to a guideline system of accounts. This will adversely affect the ability to compare data from year to year and among carriers because the data will be filed differently.

This decision has far-reaching implications, many of which will be felt substantially down the road. While the industry was "successful" in having the ICC adopt the suggested 10 page annual report, and in retaining reporting requirements for some carriers in the industry, the decision as it stands is a serious, unproductive set back.

Everyone has lost on a number of fronts: 1) over 1,100 Class II carriers will no longer file annually or quarterly; 2) almost 1,000 Class I carriers will file the most superficial quarterly data; 3) Class I contract carriers will no longer file quarterly or annually; 4) the benefits of the Uniform System of Accounts (USQA) are in danger of being lost; and, 5) the ability to accurately monitor industry conditions will be virtually lost.

The reduction of the former 4 to 6 page quarterly report to one page results in the loss of all detail on components of operating expenses and reduces such a report to little or no value. These reports are important measures for tracking, on a timely basis, the economic condition and competitiveness of the industry. The carriers and their rate publishing conferences will find it extremely difficult to comply with ICC requirements (MC-82) in updating cost justifications associated with filing for general rate adjustments. This is especially true in the case of general adjustments, such as those associated with the April 1 annual labor increases under the National Master Freight Agreement. Further, neither will shipper interests have the benefit of such cost/revenue data to analyze in their evaluation of such general rate adjustments.

The elimination of the U.S.O.A. means that when reports are filed, it is certain that different carrier to carrier interpretations on accounts will result in noncompatibility and therefore noncomparability of what is collected. In other words, we will not be able to tell if we are comparing apples to apples or to oranges.

The elimination of this data will also cause problems for insurance companies and for carriers attempting to obtain insurance. The insurance industry has relied heavily on the ICC required data as an official cross check to data supplied them by individual carriers. This is already causing a serious problem among carriers not now reporting. The data also enabled insurance companies to monitor industry conditions and to perform important comparative analyses of the individual firms with their competitors and peer groups. The insurance industry is a strong supporter of the approved 10 page annual report as well as the proposed, but not yet approved, three page quarterly report. Although they clearly and emphatically stated their need for data on the trucking industry.

ATA's position in the proceeding is also supported by shippers, bankers and other interested parties in the transportation community.

ATA also believes that to have a valuable data base the ICC must perform the requisite management functions and assure timely and complete filings. This embraces a number of tasks: first, the Commission must cease its present practice of granting individual motor carriers exemptions from reporting requirements. At present, 444 of 2,946 Class I and II carriers have been granted such exemptions. Thus, the financial information on 15% of the Class I and II carriers (with annual revenues in excess of \$1 million) is lacking. Second, the Commission should institute a regular follow-up with Class III motor carriers to determine which have grown to Class I or II carriers and, as such, should be filing reports with them. Some of the newly authorized carriers, which began as Class III status firms, have generated annual revenues over the \$1 million threshold. This non-measurement of the growth index and the lack of follow up with smaller-size firms, stems directly from an earlier 1980 ICC decision to totally relieve these firms from annual filing. A third task is that the Commission should regularly follow up with all motor carriers to assure that reports are filed on a more timely basis and contain all required information to provide a complete and accurate financial and operating profile of the firm.

Mr. Chairman, I realize that you and members of this subcommittee have worked hard at ensuring the ICC does its statutory jobs. I hope you will

critically examine the Commission's short sighted and predisposed judgement on this vital issue. I would note that the industry petitioned the ICC on April 17th to reconsider and stay its decision. We would appreciate any support you can provide for our petition and we submit a copy along with our testimony.

#### B. Rate Regulation

The ICC's administrative rate regulation function is performed by its Bureau of Tariffs and the Office of Proceedings.

The 1980 Act continues to require the ICC to oversee motor carrier rates, both individual carrier rates and those set collectively. Congress maintained, with certain limitations, the statutory provisions allowing motor carriers to engage in the collective making of rates, rules and commodity classifications pursuant to agreements approved and monitored by the Commission. Congress also expressly guaranteed motor carriers the right to independently effectuate their rates and encouraged carriers to provide innovative rate and service options.

The combination of limited and monitored collective ratemaking, with greater pricing flexibility and freer entry, has been a pro-competitive factor for the motor carrier industry and shipping interests.

An important element of this transportation policy involves effective ICC overview of carrier rates. For example, for the ICC to determine the appropriateness of a general increase in carrier rate structures, it must have the resources, including not only personnel but also substantial and reliable data to evaluate carrier financial and operating conditions and the need for major rate adjustments. Similarly, the ICC required financial data must be available to all interests for analysis to ensure that rates are neither unreasonable nor destructive. This process protects the interests of shippers, consumers and carriers.

This system, which enables motor carriers to collectively discuss, determine and publish transportation rates and services is a pro-competitive feature of the new regulatory process which also enables the Commission to meet its statutory obligations. To effectively protect the public interest the Commission must have an adequate staff to evaluate and monitor all pricing actions of carriers. This important ICC function would be virtually negated by inadequate budgetary levels to the detriment of the public interest.

#### C. Insurance

The ICC has the statutory duty to monitor the acquisition and maintenance of Congressionally set financial responsibility requirements of motor carriers. These levels were set in Section 30 of the Motor Carrier Act of 1980 and range from \$750,000 for non hazardous materials carriers to \$5,000,000 for transporters of hazardous substances. New motor carriers cannot obtain their operating licenses until evidence of their financial responsibility has been filed with the Commission. Existing motor carriers must maintain evidence of current insurance or other financial responsibility with the ICC. The maintenance and monitoring of these files is an important but enormous task for the ICC staff.

The importance of maintaining up-to-date insurance filed cannot be overemphasized. Carriers who's insurance has lapsed are reminded of the requirement and administrative or judicial steps taken, if notice of new insurance is not promptly filed. At the same time, it is important that notices of new insurance be promptly and accurately filed so that the ability of a motor carrier, new or existing, to provide transportation services is not jeopardized by administrative error. Due to staff shortages, the ICC's insurance group has been overwhelmed by the insurance crisis at a time when their knowledge, expertise and "institutional memory" was sorely needed. This Committee must provide the funding and direction to the ICC to maintain this vital function.

#### D. Fitness

ATA has a longstanding commitment to motor carrier safety. The Commission's Office of Compliance and Consumer Assistance performs the all-essential functions of ensuring the fitness, including safety fitness of motor carriers, compliance with the insurance requirements, and enforcement of other ICC regulations designed to protect the shippers and public

interest. This responsibility has dramatically increased with the significant growth in the number of motor carrier operations and types of service. In fact, the Commission's current enforcement capability is stretched beyond its limit.

The Commission has the duty to ensure that prior to granting operating authority, the applicant is fit and able to perform the service. With inadequate ICC enforcement capability, some firms operate without certification and insurance to the detriment of the public interest and safety.

#### E. Enforcement of Household Goods Consumer Protection Rules

Although household goods carriers and their local agent moving companies have many things in common with the rest of the trucking industry, they have some unique operating characteristics that Congress recognized in 1980 when it enacted separate regulatory reform legislation for movers. That uniqueness occurs because movers are the only segment of the trucking industry that deals primarily and directly with individual consumers.

With the Household Goods Transportation Act of 1980 (HGTA), Congress found that the interest of individual shipper consumers can best be protected by reducing unnecessary regulation and allowing interstate movers maximum flexibility in serving the needs of shippers; however, it should be emphasized that the reason the freedom and flexibility in today's marketplace for interstate movers has been so successful is that Congress wisely left in place an underlying Federal statutory framework that has served as a stabilizing consumer protection influence. Although Congress in the HGTA did direct the ICC to eliminate unnecessary regulation, at the same time it strengthened the remedies for violation of the regulatory structure that was to be left in place for essential consumer protection purposes.

The federal, regional and local branches of the Office of Compliance and Consumer Protection (OCCA) oversee and enforce that remaining body of essential regulation. They play an important role in assuring not only that interstate movers comply with the current operational regulations, but that individual consumers are provided accurate and complete information on carrier performance and shipper rights and responsibilities. The budget and personnel cuts experienced by the ICC in recent years have made it increasingly difficult for OCCA to fulfill those regulatory duties.

In today's open marketplace where interstate authority for moving operations is relatively easy to obtain, there is a continuing need for a viable ICC consumer protection function. Most carriers perform in accordance with the current regulations, but there will always be those few who do not conform. If the ICC's OCCA enforcement budget allocation is cut back too stringently, consumers relying on federal protection will be exposed unnecessarily to the unlawful practices of a few movers who might take advantage of the vacuum created thereby.

#### IV. THE DEPARTMENT OF TRANSPORTATION'S BUDGET

The DOT, in addition to its major task of handling the federal highway programs, has jurisdiction over certain motor carrier activities, particularly in the areas of safety, hazardous materials regulation, research, productivity needs and highway access. ATA recommends that DOT receive appropriate funding in five areas affecting motor carriers directly.

First, ATA believes that the funding for the DOT Motor Carrier Safety Assistance Program should be at \$50 million for fiscal year 1988. This increased MCSAP funding is critical to the hiring and training of qualified enforcement personnel by the states to perform roadside and other necessary safety inspections of vehicles, drivers and loads to assure that they are in safe condition and that the public is not jeopardized by unsafe commercial vehicle operations.

Second, ATA urges this Subcommittee to advise the DOT to dedicate more funds to be spent on research and development to improve the safety and efficiency of motor carrier operations, and to improve compliance with regulations by permitting utilization by motor carriers of modern equipment and techniques to conform to regulatory requirements.

In addition, ATA urges the Subcommittee to direct DOT to become more active in promoting improved productivity and highway access for the motor carrier industry.

ATA supports the creation of a Motor Carrier Administration within DOT. There is a tremendous need for such an Administration to deal with the



numerous issues which arise from motor carrier operations and which must be dealt with by the Federal government and by Congress. A Motor Carrier Administration is needed to provide the industry with representation equal to that enjoyed by the other transportation modes. The increased annual cost resulting from a Motor Carrier Administration is only \$2.4 million per year according to a GAO report. This is less that DOT spends in one hour for all of its other programs. ATA respectfully suggests this Subcommittee earmark \$2.4 million per year for a Motor Carrier Administration, provided that the authorizing legislation is enacted.

#### A. Safety

A safe motor carrier operation is good business practice. It provides for efficiency and productivity, reduces insurance claims and premiums, saves fuel, consequently and fosters a positive image of the trucking industry.

We also view truck safety as an important public safety issue. The automobile and the highway network in this country is essential to the American way of life. The public and the American economy depend on truck transportation to provide the goods, services, and materials that move America. The motoring public and the trucking industry must share the highway system and all highway users must work together to assure highway safety.

Trucks travel 458 billion miles each year servicing the American economy and the American public. The nature of truck operations, the interactions of trucks with the motoring public and the exposure of truck traffic to adverse weather conditions, varying traffic situations, and all types of highway design make safety an important industry issue.

Despite the variety of its operating conditions, the trucking industry has always had an outstanding safety record. There are thousands of professional truck drivers who have records of more than 1 million accident-free miles. There are numerous trucking companies with excellent safety programs and safety records.

Unfortunately, there are also drivers and companies with records that are not very good. We are especially concerned about safety on highways, and its possible deterioration. Since 1980:

- o Truck accidents reported to the office of Motor Carriers increased 16.5% in 1984. In 1985, the accidents increased an additional 6.3%;
- o Trucks placed out of service by federal and State inspectors for serious defects increased from 23% in 1984 to 41% at a national truck inspection in September, 1985;
- o The percentage of motor carriers with unsatisfactory safety ratings is highest among those that have most recently received operating authority from the Interstate Commerce Commission, and the number of these new entrants is steadily increasing;
- o Unsatisfactory safety ratings are more prevalent among motor carriers with smaller profit margins; and,
- o There is generally a trend in the trucking industry toward reduced profits. Prior to 1978, the median profit margin was approximately 3%. From 1978 - 1985 the industry had not been able to achieve profits greater than 2.2%. Only through fuel price decreases was the industry able to achieve a greater profit margin in 1986.

There is be a relationship between smaller motor carrier profit margins and unsafe motor carrier operations. These indicators portend the possibility of further increases in truck accidents in 1986 and future years, unless strong, positive actions are taken quickly by industry and government.

#### B. The Need to Increase Government Research

On March 16 and 17, 1987 the ATA Foundation hosted a national research symposium in Washington, D.C. The symposium brought a wide variety of carriers together with trucking industry suppliers, competing modes, Administration officials and representatives of the academic community.

The purpose was to develop a national consensus on what trucking industry related research merited attention. It was anticipated that the research identified would be conducted by a variety of organizations, not just the trucking industry. Participants envisioned that parts of the agenda would be implemented by federal and state governments, quasi-government organizations like the National Academy of Sciences, private corporations, associations like the AASHTO, the Highway Users Federation and the ATA Foundation and the academic community.

The two principle rules governing the eligibility of specific research projects for consideration at the symposium were very simple. First, the potential project had to be non-controversial. All divisive issues were set to the side for individual organizations to pursue on their own. Only issues upon which everyone agreed were included in the consensus agenda. Second, the participants sought to identify research projects in areas where there was no competent research underway. The charge was to expand and augment the vista of trucking-related research, not duplicate existing research initiatives.

Research projects were identified in six broad areas: safety, data needs, tomorrow's freight, productivity, truck technology and taxation. In total, twenty issues were agreed upon. The consensus agenda which emerged from the symposium is attached to this testimony.

The industry intends to move with great vigor to implement the portions of this agenda which are logically ours to pursue. We believe that part of this agenda is the blueprint for research which the Department should pursue with the spending authority created by the actions of this Subcommittee.

Much to our surprise, when we began to examine where current DOT research efforts are focused, we found that little of the existing truck-related research is focused on the issues industry and government now believe to be important.

Overall research expenditures in this country are virtually split between the federal government and commercial interests. Industry spends about \$53 billion on research, while the federal government spends about \$47 billion. The primary difference between government and commercial interests are in specific areas of research. Two-thirds of the federal research dollars are spent on defense while the rest is allocated to non-defense.

Of the one-third, the total spending versus research spending by mode in 1985 are as follows:

|                                       | Expenditures<br>(\$ billions) | Research<br>(\$ millions) | Research<br>Revenues |
|---------------------------------------|-------------------------------|---------------------------|----------------------|
| Truck Operations                      | 200                           | 2                         | -                    |
| Highway Construction &<br>Maintenance | 50                            | 100                       | 0.2%                 |
| Railroad                              | 30                            | 26                        | 0.1%                 |
| Water                                 | 18                            | 36                        | 0.2%                 |
| Transit                               | 17                            | 20                        | 0.1%                 |
| Air                                   | 14                            | 282                       | 2.0%                 |
|                                       | \$329                         | \$466                     |                      |

Clearly, truck operations outdistance every other mode with approximately \$200 billion in annual expenditures. This should be compared to the shockingly low level of research expenditures: almost zero.

Even though 84% passenger miles are by highway (10% by air) and highway fatalities equal 98% of the total, (with air 2%) some 74% of the research spending is committed to air while 26% remains for overall highway (which includes bus and automobiles).

We believe that the broad consensus for further research efforts gives us a firm foundation on which to seek equity in the distribution of federal research funds. We are only asking that some of the user fees that have been paid by trucking companies be used to make the future safer for all highway users. We hope that we can count on the support of the Subcommittee in this effort.

#### C. Productivity and Access

The Surface Transportation Assistance Act of 1982 promised improved productivity in exchange for substantially increased taxes. Productivity improvements took the form of 80,000 pounds nationwide, twin 28-foot



trailers along with 48'/102" trailers on all Interstates plus a designated highway system with adequate access, and grandfathered trailer limits. Unfortunately, while we have 80,000 pounds nationwide, five years later we are still waiting for the designated system and access promised remains highly inadequate in many states.

The DOT has taken the position that it can not force the states to expand the designated system or increase access. We disagree. DOT should take a more aggressive stance in insuring we get access. For example, the clear definition of a "terminal" does not exist. In addition DOT has yet to file one law suit against a state or locality although it recognizes that some states have sharply limited access or have been ingenious in denying adequate access.

Regarding the definition of "terminal", the message must be conveyed that the productivity gains intended by the Surface Transportation Assistance Act of 1982 cannot be realized by truckload carriers if state and local governments continue to be allowed to limit access to and from points of origin and destination for truckload shipments vis-a-vis operations over the Interstate and Defense Highway System and other qualifying Federal-Aid Primary System Highways. Limiting the definition of "terminal" to facilities actually maintained by carriers themselves is of no use to truckload carriers whose operations do not rely on such terminals for freight transfer and consolidation, break bulk and distribution.

Just to give you a brief example, my company attempted to secure permission in 1985 to operate twins between our Miami and Key West terminals. The Florida DOT denied the application even though the state Administrative Law Judge ruled in our favor and now the issue is before the courts.

Although DOT is aware that some states have sharply limited access and have not lived up to the intent of Congress, it has not exercised its power by filing even one law suit against a state or locality.

The trucking industry is merely asking DOT to enforce the law. ATA is asking DOT to give us what was promised in payment for higher taxes. We have been waiting more than 5 years while paying the taxes. How much longer should we wait? While DOT has started an advance notice of proposed rulemaking in docket no. 87-1 on highway access, it probably will be years before any administrative rules are issued. I urge this Subcommittee to direct the DOT to complete the definition of "terminals" by the end of 1987. This can be accomplished through a DOT rulemaking.

#### D. Taxes

ATA has historically supported increases in highway user fees when it has been shown clearly that those revenues are needed to maintain or expand the highway system and that the revenues generated will not be diverted to non-highway purposes. However, we are deeply concerned that, after we were hit with nearly a doubling of Federal highway taxes because of the 1982 Surface Transportation Assistance Act, state and local governments are piling on new taxes that are excessive and divert highway user fees to non-highway purposes.

Our concern is not merely philosophical, but stems as well from basic economic pressures on the trucking industry. Motor carrier business failures increased 9.6 fold between 1978 and 1986 according to data obtained from Dun & Bradstreet. Much of the financial problems of the industry can be attributed to a loss of income as a consequence of the Motor Carrier Act of 1980. This law has created cut-throat competition and freight rates that do not reflect the higher business costs including those created by the additional taxes.

We would like to describe one recent case that highlights the injustice that we face: On April 12th, the Port Authority of New York and New Jersey doubled their tolls for trucks crossing most of New York City's interstate bridges and tunnels so that the toll for a five-axle truck increased from \$7.50 to \$15. These increases are excessive since they raise far more in revenues than the amount necessary to meet highway needs. According to the Port Authority's own figures from their March 12, 1987 Press Release, the proceeds from this increase will be diverted, for the most part, to capital improvements for airports and other non-highway projects. The stated reason for the toll increases is to finance a five-year, \$5.8 billion capital program where only \$375 million — or 6.5% of the total program — will be spent for improvements to bridges or tunnels. By contrast, the increased

bridge and tunnel highway tolls are expected to yield \$146 million annually for decades into the future.

Excessive increases like these and those that divert highway user fees are unjust and unreasonable. They create economic dislocations that interfere with competition and decrease productivity. In the Port Authority case, some trucks may travel 20 miles north to a bridge not subject to the tolls. This costs time and fuel.

Diversions of highway user fees undercut the willingness of the trucking industry to continue to support user fees. The time has come to stop treating the trucking industry like an inexhaustible source of revenue. It is simply unjust, unfair and counterproductive.

#### E. The Need for a Motor Carrier Administration

ATA would also emphasize the need to establish a Motor Carrier Administration within the DOT. ATA continues its strong support of S. 747, which would create such a Motor Carrier Administration. The cost of this Administration, as mentioned earlier is only \$2.4 million per year. The creation of this DOT Administration would serve several important functions, including the following:

The centralization of DOT's motor carrier activities, largely in the area of safety, will save the government money and also promote efficiency. Currently, the safety programs are dispersed throughout the DOT. The office of Motor Carriers is in the Federal Highway Administration, and the Heavy Truck Research Group is a part of the National Highway Traffic Safety Administration. The suggested consolidation of these programs will provide a coherent, streamlined structure to save the government money and enhance regulatory efficiency. The MCA would also assure a more timely response to the attached outstanding dockets.

Mr. Chairman, the trucking industry is the only mode without a modal administration. Yet, trucking hauls more freight, travels more miles, employs more people, and pays more taxes than any other mode. Equity demands that our industry receive equal representation through the establishment of a Motor Carrier Administration.

#### CONCLUSION

ATA has consistently urged Congress to provide the ICC with adequate appropriations to enable it to fulfill its mandated responsibilities in an efficient, reasonable and expeditious manner. The Commission's primary functions involve the regulation of rates, data collection and reporting, the monitoring of carrier fitness, and the enforcement of regulations intended to protect motor carriers and the public from unsafe, unlawful and unfair practices.

ATA urges this Subcommittee and Congress to appropriate the full \$47.9 million to the ICC for Fiscal Year 1988. These funds are essential to ensure that the agency has an adequate staff and resources to carry out these essential functions. We also urge this Subcommittee to direct the ICC to fulfill its statutory responsibilities.

Finally, it endorses the creation of a Motor Carrier Administration within DOT and substantial increases in funding for truck related research within the DOT budget.

Thank you Mr. Chairman, and other members of this Subcommittee for your time and consideration of ATA's position on the ICC and DOT FY 1988 budgets. I would be pleased to answer any questions.

STATEMENT OF JAMES F. FLINT, LEGISLATIVE COMMITTEE VICE CHAIRMAN,  
TRANSPORTATION LAWYERS ASSOCIATION

Summary of Position

The Transportation Lawyers Association, a specialized bar association, submits comments on the proposed budget of the Interstate Commerce Commission for Fiscal Year 1988. The Association's position generally supports the ICC's proposed budget as a minimum for that agency, with certain reservations. The Association's position is further explained in the following comments.

Statement on Behalf of the  
Transportation Lawyers Association

Chairman Lautenberg and Members of the Subcommittee, the Transportation Lawyers Association ("TLA") thanks the Chairman and the Members of the Subcommittee for the opportunity to comment, as this Association has commented on previous occasions over the years, on the level of Interstate Commerce Commission ("ICC") funding for Fiscal Year 1988. TLA is a specialized bar association with approximately 500 attorney members throughout the United States engaged in the representation of various transportation entities.

TLA consistently has sought to comment before this Committee, because TLA's members, as counsel to various transportation entities and those who use transportation, have a first hand opportunity to deal with the Interstate Commerce Commission on a frequent basis and to analyze the impact of ICC regulation, under current funding levels, on their clients.

TLA's consistent position has been one of supporting funding levels adequate for the Interstate Commerce Commission to administer the law as written in the Interstate Commerce Act, as modified by regulatory reform legislation enacted by Congress during the past several years.

TLA is concerned that the ICC budget for FY 1988 be sufficient to enable it to perform those tasks to which Congress has entrusted the agency. In its comments on the ICC proposed budget for FY 1987, TLA observed that the earlier FY 1987 budget contemplated staffing at the Commission at a minimum, beneath which the ICC's staffing should not be permitted to fall.

TLA supports the ICC's proposed budget for FY 1988 to the extent it allocates resources in a manner sufficient for the ICC to administer those regulatory functions which Congress has specifically directed it to administer. As can be seen graphically at page 6 of the proposed ICC budget, ICC staffing has decreased dramatically during the past several years and it is proposed in the FY 1988 budget that it be decreased further, stretching the ICC's already limited staffing in many areas.

This Subcommittee is certainly aware of the significance of the Nation's surface transportation system to the Nation's well-being and the Nation's remaining a competitive producer of many goods. While this transportation industry is an important one, and while it continues to be regulated by the ICC, it has been confronted with numerous unexpected and externally imposed problems, such as adapting to an increasingly deregulated and price competitive environment, severe fluctuations within the Nation's economy, and the extraordinary effect of the recent insurance crisis.

TLA, as an association of counsel to carriers and transportation users, is concerned for the carriers, shippers and receivers of freight, and the general public, that the law as mandated by Congress be meaningfully administered by the ICC, in an efficient, timely fashion, so that carriers can operate in an environment in which those government controls

which Congress has imposed will be carried out in a predictable, timely fashion.

TLA respectfully requests this Committee to consider with care the further proposed ICC budget reductions for FY 1988, to be certain that the Commission is provided with specific, forceful direction to administer the law as written.

From the vantage point of practitioners representing carriers and shippers before the ICC, I wish to make several specific, illustrative comments with respect to the TLA's position.

First, TLA is concerned that the proposed budget reductions will have a far more significant effect upon the ICC's ability to administer the law than the budget proposal suggests. Based upon information obtained from the ICC's Managing Director, it is believed that through attrition, the ICC is now actually seeking to conduct its activities at levels at least 5% or less below its authorized levels, which are already quite low. This fact, coupled with the apparent elimination of experienced ICC personnel through attrition (as suggested in the dissent of Vice Chairman Lamboley and in dealings by TLA members with ICC staff on a frequent basis) suggests that the ICC is already significantly beneath the staffing levels currently authorized by Congress, and it is losing many experienced employees which it now has.

One issue of concern to all is carrier compliance with mandatory insurance requirements. During the year, there have been literally many hundreds of proceedings instituted by the ICC leading to a revocation of carrier operating authorities, because of the expiration of mandatory insurance coverage. At the same time, a major trucking industry trade publication which lists on a weekly basis such ICC announcements of carrier lack of insurance, now includes with that list a disclaimer to the effect that many motor carriers shown on the

Commission's list vehemently maintain that the Commission's claims of insurance noncompliance are themselves erroneous. With interest in carrier insurance so intense, particularly in the current chaotic insurance marketplace, it would appear that the Commission's Office of the Secretary, which handles such matters, should be perhaps strengthened, rather than to be maintained at its currently, seemingly low level.

At the same time, in order to cope with the insurance crisis, motor carriers are seeking to make use of the ICC's new procedures permitting qualification as a self-insurer. Commission requirements for such approval are understandably and properly quite high; but motor carriers need relief from the insurance crisis, and it would appear that the Commission needs a large number of qualified personnel to process such applications in a timely fashion.

Many TLA members represent clients involved as plaintiffs or defendants in actions arising from the assignment of the collection of freight charges. By reason of an ICC decision during the year, it appears likely that numerous court proceedings involving significant evidentiary issues will likely be referred to the ICC or new proceedings may even be instituted there. Under such circumstances, a staff of a size capable of handling such cases in a timely fashion is quite important.

As a third example, it must be recognized that the ICC's role is to administer the surface transportation industry as an expert, to the extent Congress has directed, lending its expertise to particular problems. Only recently, the ICC in a major decision has proposed eliminating virtually all financial reporting by the motor carrier industry. While the decision seems regrettable in terms of demonstrated interest and cooperation by the private sector to generate information sufficient to permit the ICC to regulate meaningfully the



motor carrier industry -- and of great significance to the insurance industry in order to permit the free market in insurance to work as efficiently as possible -- one cannot help but guess that an underlying rationale for the Commission decision was a perceived lack of personnel within the agency to analyze such filings in order to prepare information from which the ICC can reasonably perform its administrative and regulatory functions.

As a further example, TLA observes that the proposed budget for the Office of Compliance and Consumer Assistance has been noticeably reduced. This office, with primary responsibility over enforcement of ICC regulations, is of increasing importance as the changing nature of transportation by ICC regulated carriers has created many new issues and new problems, for which the national transportation system requires efficiently rendered and prompt resolution.

These examples are not intended as criticisms of the ICC, but only to point out that despite the severely lessened importance of traditional economic regulation, the Nation's surface transportation companies remain subject to many activities of the Interstate Commerce Commission. TLA believes that the ICC must be funded at an appropriate level to perform those tasks which result in benefit to the public at large, be they areas of insurance and safety record keeping and enforcement, maintaining and treating appropriate financial information for the industry, or resolving those issues which the federal courts have referred to the ICC for disposition in the exercise of its expertise.

TLA suggests that through so many recent legislative changes affecting the Interstate Commerce Commission, Congress has defined with some clarity the role the ICC is expected to play. TLA expresses its hope that through the direction of this Subcommittee, the ICC will be funded during FY 1988 to an

extent adequate to carry out its role as mandated by Congress and consistent with its public responsibilities.

Thank you, Mr. Chairman, for this opportunity to present TLA's views.

STATEMENT OF JOSEPH E. LEMA, VICE PRESIDENT FOR TRANSPORTATION, NATIONAL  
COAL ASSOCIATION

SUMMARY

National Coal Association believes that the responsibility for administering railroad regulation should be vested in an independent regulatory body, separate from the executive branch of the federal government. Therefore, NCA supports continuation of the Interstate Commerce Commission as the independent entity within the United States Government organized for that purpose, pursuant to Section 10301, Title 49, United States Code.

NCA is aware that the Administration is proposing that the Commission be terminated by October 1, 1987. However, it is NCA's strong conviction that to transfer the Commission's responsibility for administering railroad regulation to the U.S. Department of Transportation would be unwise and is not in the public interest. The Department of Transportation most certainly is subject to, and often the initiator of, transportation policies espoused by the Administration. Such policies could tend to distort decisions in matters involving disputes between rail carriers and shippers with regard to regulatory standards and to cause undue pressures on resolution of differences among interests on treatment of petitions for rail mergers and consolidations, and sales of railroad assets to new entrants into the railroad business.

NCA, therefore, urges the Congress not to sunset the Commission, and further urges that sufficient funds be appropriated in the Fiscal 1988 budget to enable the Commission to effectively discharge its responsibilities under law.

STATEMENT IN FULL

Mr. Chairman, my name is Joseph E. Lema. I am the vice president for transportation of the National Coal Association. NCA represents coal producers, coal sellers, consumers of coal, and other organizations associated with the coal industry in the United States. I am pleased to inform you that effective April 1, 1987 NCA and the Mining and Reclamation Council of America (MARC) have

become fully merged and as a result, NCA now represents 70 percent of U.S. coal production.

The coal industry represents a major source of inexpensive, secure energy utilized by electric utilities and other industries in the U.S., and exports approximately 12% of production from the U.S. Thus, U.S.-produced coal is of substantial benefit to our economy and energy security. Consumers and industry in the U.S. realize significant savings through coal utilization, particularly through lower rates for electricity generated by burning coal. Furthermore, our balance of payments in international trade is materially enhanced by U.S. coal exports. With those factors in mind, it is clear that full utilization of U.S.-produced coal carries with it several major benefits for our nation.

U.S. coal's ability to compete with imported energy in our domestic energy markets and with coal produced elsewhere in world markets is influenced to a large extent by rates charged by railroads for transportation services. Obviously, the delivered price is what counts in coal's ability to participate fully in energy markets; and that price includes both the price of coal at the mine and the cost of transportation. Railroad rates are influenced first by competition, whether rail-to-rail or otherwise, especially rail-to-barge or lake carrier with regard to inland transportation from mines to utility and industrial plants and to ports engaged in coal exports. Where no effective inland transportation competition exists, coal shippers must rely on regulation to assure that rail rates are reasonable in consideration of the services provided.

Rail carriers handle two out of every three tons of coal shipped from mines to utility and industrial plants and to ports. Often a single rail carrier represents the only available source of effective transportation services for a particular shipment. In those situations the coal shipper is vulnerable to excessive rates charged by a rail carrier that faces no transport competition. The possibility of encountering unreasonably high rail rates for coal movements due to coal's captivity to the railroads is compounded because coal constitutes a large, lucrative target used

by market dominant railroads to extract extraordinarily large contributions to their total revenues. Coal accounts for two out of every five tons of total freight carried by the railroads in revenue service, a share that is far beyond any other railroad commodity.

These circumstances make it essential for coal shippers to have access to a railroad regulatory body to forestall abuses in rail rates and service. The situation is not unique to coal, however, since many other bulk commodities like grain, metals, ores, chemicals, and fertilizers also require railroad services, and at times such items also encounter captivity to railroad transportation. The need for prompt recourse by shippers for relief from abuses at the hands of rail carriers establishes a principal requisite for an effective regulatory process. That need is joined by a requirement for adjudicating disputes among rail carriers themselves on matters such as rate divisions in joint movements, compensation for reciprocal switching and trackage rights among the carriers, and positions on railroad mergers and consolidations. Thus, it is important to continue having a regulatory body charged with balanced administration of railroad regulation as called for in Title 49, United States Code. That regulatory body is now the Interstate Commerce Commission, organized for this purpose pursuant to Section 10301, Title 49, U.S.C.

NCA believes that the regulatory body responsible for administering railroad regulation should be independent. We realize that the Administration has proposed termination of the Commission by October 1, 1987 and the transferring of its responsibility for administering railroad regulation to the U.S. Department of Transportation. It is our belief that this would be an unwise action for several reasons. First, NCA remembers well our involvement in the legislative process in 1979 and 1980 leading to signing of the Staggers Rail Act into law during a previous administration. The notion of deregulating airlines, motor carriers, and railroads was a major interest of the previous administration and was highly debated before the 96th Congress. The Department of Transportation

then in place, was very active in seeking support for ~~deregulating~~ railroads much like airlines and motor carriers, without regard to the fact that railroads sometimes hold market dominance over rail shipments of freight, and in that respect differ greatly from the other modes. After months of hearings and Congressional ~~debates~~, a compromise was passed that resulted in railroad regulatory reform which preserved in the Interstate Commerce Act, provisions sought by captive shippers for protection from abuses where rail carriers possess market dominance over shipments. That compromise was the Staggers Rail Act which continued a responsibility for captive shipper protection vested in the Interstate Commerce Commission, notwithstanding the Department's efforts to totally deregulate railroad transportation.

More recently, in the 99th Congress, we have seen how the present Department of Transportation moved to support the sale of the Government's ownership interest in Conrail to another major rail carrier, ignoring the protests of shippers that such a transaction would expand railroad market dominance and frustrate transportation competition. Fortunately, after again undergoing many months of intensive debate, the Congress acted otherwise, passing legislation that enabled Conrail to function as an independent, competitive, privately-owned rail carrier, much to the liking of shippers in its service area and in the public interest.

These anecdotal references to experiences in the 1980's underscore why NCA believes that transferring the responsibility for administering railroad regulation to the Department is undesirable. Even if one were to consider having that function placed somewhere in the executive branch, there are departments other than the Department of Transportation that might be considered; for instance the Department of Commerce, which might be thought of as a unit that would have a more balanced outlook on all industries including the railroads and various shipper industries which must rely on the rail carriers for essential transportation. Nonetheless we hold the view that railroad regulation still is best administered through an independent regulatory body, free of prospective pressures from the executive branch of the federal government to drive such

**BEST AVAILABLE COPY**



a regulatory body toward decisions that reflect a department's policy positions in regard to railroad transportation.

In summary, NCA believes that it is critical to the public interest that balanced railroad regulation be implemented in order that cases involving abuse of captive shippers with regard to rail rates and services be adjudicated promptly and equitably, and to ensure that disputes among railroads and other interests will be resolved quickly and fairly. Clearly it is desirable to encourage greater competition among carriers, thereby limiting the need for regulation; however, it remains imperative that rational regulation be implemented where effective transportation competition is simply not available. Such regulation should be implemented through an independent body, not as proposed by the Administration.

Therefore, Mr. Chairman and members of the subcommittee, NCA supports continuation of the Interstate Commerce Commission as the regulatory body, independent of the executive branch of the federal government, with responsibility for administering railroad regulation in the absence of competition. Accordingly, we respectfully request that the Congress appropriate sufficient funds in the Fiscal 1988 budget to enable the Commission to carry out fully its current, and hopefully continued, function of administering the railroad provisions of the Interstate Commerce Act.

Thank you, Mr. Chairman, for allowing NCA to appear at this hearing. I will be glad to respond to any questions about my testimony.

STATEMENT OF CHRISTOPHER WHITE, ECONOMICS ADVISOR, NATIONAL  
DEMOCRATIC POLICY COMMITTEE

Nowhere is the reality of the vicious hoax perpetrated against the nation in the name of the economic recovery better demonstrated than in the domain of the transportation sector in particular, and basic economic infrastructure in general.

As the decline in the nation's transportation system and capabilities, along with infrastructure as a whole, has led the economy into the depression conditions of recent years, so also where needed policies of real recovery are concerned, will the reconstruction of transport and infrastructural capabilities help supply the momentum to turn everything around.

The realities are seen in two ways. As effects of standing policy, the nation's transportation system is rapidly becoming a time-bomb ready to explode with hideous loss of life. Clearest in the case of the debt-strapped, under-capitalized airlines, the increasing obsolescence of the fleet, the decline in maintenance standards since the deregulation of the industry, and the overload of traffic control systems, are rapidly reaching a point of no return.

As far as the railroad system is concerned, the same considerations of obsolescence and under-capitalization apply, intensified by the scandalous incompetence of a government which has determined that its proper role is to get out of the industry as rapidly as possible.

For roads, a recent study has demonstrated that fully one half of the bridges on the nation's highway system are nearing the end of their calculated life-span. Disasters, of the sort recently seen on the New York State throughway, can be expected to increase.

These worsening realities can only be dealt with or changed by changing the underlying economic policies which have landed the country in its present worsening depression mess. Economist and Presidential candidate Lyndon LaRouche has elaborated the policy approach necessary to such changes, in such locations as his campaign platform for the 1988 election.

He stresses a three-fold approach: financial reorganization, to lift the overhang of usuriously expanding indebtedness from the economy, and permit the redirection of credit into productive activity.

The mobilization of presently idled or misused capacities and potentials on behalf of the physical wealth creation that would permit a down around in our present course.

The introduction of science driver policies to the economy as a whole, typified by his design for the phased industrialization and colonization of the Moon and Mars, that would, over the course of the next two generations, increase the powers of productive labor by two orders of magnitude from present levels.

To be addressed successfully, the present crisis of our transportation system, and infrastructure in general, ought to be addressed from that standpoint, otherwise, it is readily shown no attempt to hold the line against the ravages of the policies which have created the present deepening economic depression will be of any avail.

Studies by the magazine Executive Intelligence Review have shown that there is a close correspondance between advances in basic economic infrastructure, and the increase of the productivity of the economy as a whole. In the period from the end of World War II, to the end of the 1960's the curve of increasing infrastructure investment parallels the curve of increasing productivity of the economy as a whole, except that the advances in infrastructure precede advances in the economy as a whole by one year.

Infrastructure improvement, in creating the basis for expanded economic activity, functions as a driver for wealth creation in much the same kind of way as the science driver policies identified above. Transportation, along with heavy construction, the two largest employers in the sub-sector of the economy have a principal part to play.

That part is emphasized by what it would take to shift employment patterns away from the prevailing drift into service sector modes, and back to productive wealth generation. Each worker in finished capital goods, is under present technological conditions supported by 2.6 workers producing intermediate durables, 0.6 workers in raw materials production, and 8 workers in basic infrastructure, half of whom are in transportation. If the per capita levels of output that characterized the U.S. economy in the period 1967-71 are to be reached again, the number of capital goods workers would have to double, with proportional results down the line of the production flow, and the throughput of physical product would also have to double.

The increase in wealth so produced would reverse the decline of the tax revenue base, it will also require a major overhaul and expansion of the nation's transportation system. This means junking the policies of the last years. Rather than "can we do this?", the question "can we afford not to do it?", ought to be asked.

What has to be reversed is clear, or ought to be. In so far as causes are concerned the disasters that are now emerging are the result of a standing policy which has been common to the last administrations. The ideology of the "free enterprise system", and the "magic of the market place" has been the policy fuel for successive attacks on government involvement in, and regulation of, all aspects of the economic activity that is included within the conception of basic economic infrastructure. Beyond the transportation grid, this include power generation and transmission, water and land management and communications.

Behind the ideology of the free enterprisers' market place is the simply stated constraint, that under conditions of budgetary austerity, it costs too much to continue the level of investment that has historically been associated with the maintenance of transportation grids in particular, or infrastructure in general.

Overall the effect on the economy as a whole has been roughly the same as the improvements an ignorant homeowner insisted on making to his house, when he decided to rip the foundations out so he could repaper the bedroom walls.

Past studies by the magazine Executive Intelligence Review have documented this case. It was estimated, for example that the unamortized cost of the depreciation of the nation's economic infrastructure, including the transportation system, over the period 1970-82 totalled \$3 trillion, roughly \$250 billion a year in 1982 dollars.

It will not escape Committee members that here we have yet another deficit, one which is larger than the trade deficit, and larger too than the government's own budgetary shortfall. It is a deficit which is unreported because the methods we employ to calculate our national accounts do not recognize that any such physical cost to the economy, as maintaining the potential of transportation in particular, infrastructure in general, or anything else for that matter, actually do exist.

The unamortized cost of the depreciation is passed on to the economy as a whole in three principal ways.

The volume of the system, in this case, the transportation system, shrinks, leaving communities, counties, or regions, without access to transportation at all, thereby condemning them to depression.

The economic costs of the reduced system increase. By the same incompetence that the unamortized depreciation is left uncounted, so too is the reality that fully 20% of the labor cost of any manufactured item in the U.S. can be accounted for as costs associated with transportation and distribution. This has more than doubled since the late 1960's, even as the system has gone into accelerating decline.

The combined consequences of the first two, are passed on to the economy as a whole in the monetary form of an impulse to inflation. Since neither of the first two are included in national income accounting, the effects of the monetization of the \$250 billion annual deficit on the inflation rate are not included either. As an structural impulse, the magnitude is sufficient to have kept actual inflation rates at the double digit level on its own, over the entire period that we have been told inflation has been brought under control.

The reality makes a mockery of the insane delusions of those who insist that eliminating monetary expenses of government is the effective way to reduce costs. The monetary expenses may be reduced, or even eliminated, as they have been, but the costs, as economic costs, are in actuality increased, under conditions of an accelerating downward spiral of the economy as a whole. It is the same as the home improver, standing on the rubble of his house, after the foundations are ripped out, and boasting to the neighbours how nice his bedroom will look when he gets finished with it.

Leaving free enterprize ideology aside, as the insanity it actually is, the costs of maintaining and improving transportation systems, and infrastructure systems as a whole, are properly, as well as in fact, those of government, at federal state and local level. The unamortized depreciation of the infrastructure system in that light represents therefore the continual decline in the purchasing power of the reduced amount of tax dollars government puts into the economy as a whole.

Two questions are therefore begged by the current plight of the national transportation system. Fiscally, the question is how to reverse the decline in the value of the available tax dollars, while also regenerating the tax base. Economically, the question is how to shape policy for the reconstruction of the national transportation grid, and infrastructure as a whole.

Both are obligations of government as embedded in constitutional provisions concerning trade and commerce, and control of money. Such obligations are highlighted further by the way in which, over the two hundred year history of the republic, the nation's transportation and infrastructure system was built. Beginning with the canal system envisioned by Washington and

Hamilton, this work of government has been either embodied in the continuing contribution of the Army Corps of Engineers, or in construction priorities, such as the national highway system, prioritized and backed by the efforts of the institutions of Federal government.

What are the considerations which ought to be applied to the reconstruction of the system? First, we ought to develop rational criteria for the allocation of responsibilities for movement of freight and people, between the different modes of air and surface transport. In this respect it ought to be acknowledged, both as regards to considerations of cost, as well as considerations of safety that reliance on air transport for passenger travel in the 250-350 mile range is not the most effective way of doing things. Secondly, it ought to be acknowledged, where the surface movement of people and freight is concerned, that, as far as is possible the movement of goods, and the movement of people ought to be separated. And, furthermore, that the cost advantages of rail and water, for efficient transport and handling of bulk goods far outweigh what can be achieved on the roads.

The current over-load conditions on the nation's air traffic control system are directly related to the growth, in recent years, of the short-hop air trip, a phenomenon which is also directly related to the adoption of the hub-system of basing and routing that has followed from the deregulation of the airlines. The growth of the indebtedness of the system has helped here too. As flight lengths have been reduced, turn around and maintenance schedules have also been reduced, and the number of aircraft in the air over any particular sector of the traffic control system has increased.

Yet within the 250-350 mile range, city center to city center, air travel, if one includes travel to and from airports, and waiting time at the terminal, is still comparable, in terms of time taken for the trip with surface modes.

What is clearly needed is a high-speed rail system, for passenger traffic, linking up the urban centers of each of the nation's corridors of denser urban development. The north east sea-board, from north of Boston, to points south of Washington, and by extension to southern Virginia, and the research triangle area of North Carolina is exemplary.

To develop such a system it is no longer necessary to be bound by the physical constraints of steel wheels running on steel tracks. In so far as passenger transit is concerned speeds in excess of 300km per hour can be achieved with magnetically levitated systems of the sort that are under development in West Germany and Japan, and were under development in the United States in the 1960's. Rapid movement of passengers, from city center to city center could readily be achieved, leaving to airlines the longer-haul distances over which that mode's performance is maximized.

Similarly, the rail and water modes for transport of bulk freight out to be rebuilt and improved. In this case the requirements of speed are not the consideration, but rather then cheapness of the long-distance haul, and the efficiency in the break-bulk stage in the handling of goods, combined with their transfer to the primarily truck based modes in which goods are distributed to their consumers. Thus at issue is the quality of rail and water service, and the creation of warehousing and storage systems which function also for transfer from bulk to distribution modes.



In a first phase the the volume of goods that the system is required to handle is indicated by the objective of rebuilding the output that goes to producers and consumers back to the levels of the late 1960's.

If credit and fiscal policy is reorganized by Congress and the Executive branch to bring that about, the kind of expansion and improvement indicated here will actually pay for itself.

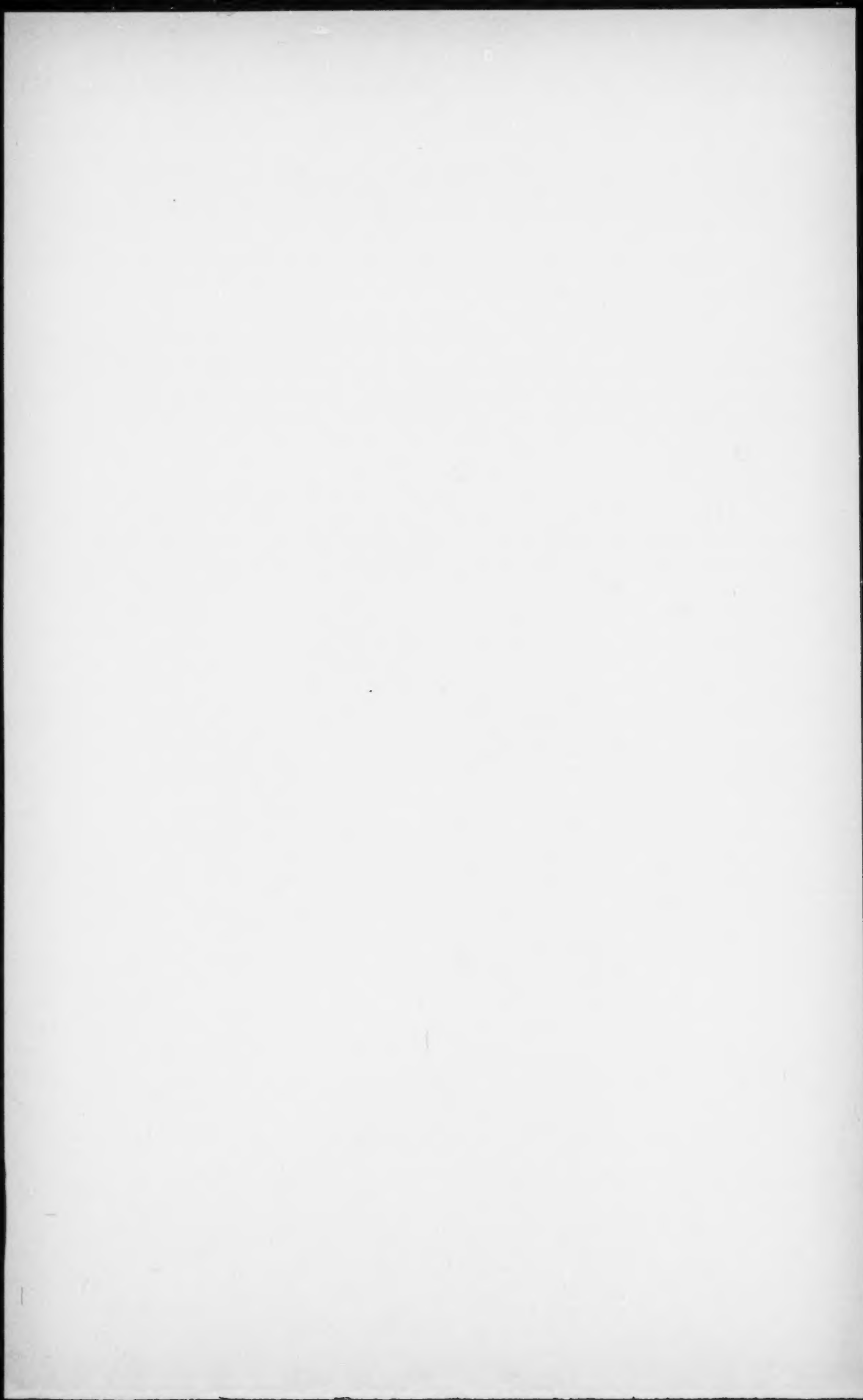
#### SUBCOMMITTEE RECESS

Senator CRANSTON. On behalf of the committee, let me express my regrets to those who are inconvenienced by this situation. I and all of you were inconvenienced by it, as were the committee members and their staff. But that is just the way life sometimes happens in the Senate. Thank you all.

Unless I have further suggestions from you, I will now adjourn the hearing until tomorrow morning. Thank you all very much.

[Whereupon, at 11:30 a.m., Wednesday, May 13, the subcommittee was recessed, to reconvene at 10 a.m., Thursday, May 14.]





## DEPARTMENT OF TRANSPORTATION AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1988

THURSDAY, MAY 14, 1987

U.S. SENATE,  
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,  
*Washington, DC.*

The subcommittee met at 10 a.m., in room SD-138, Dirksen Senate Office Building, Hon. Frank R. Lautenberg (chairman) presiding.  
Present: Senators Lautenberg and Harkin.

### NONDEPARTMENTAL WITNESSES

#### OPENING REMARKS

Senator LAUTENBERG. The subcommittee will come to order please. Your attention please.

I want to express my regrets that the subcommittee yesterday was unable to complete its hearings because the floor, as usual, was unpredictable and it is fair to say almost undistinguished in its activities. But like the weather, there is not much we can do about that.

Be that as it may, I am very sorry particularly for the out-of-town witnesses who traveled so far to get here and worked hard to prepare their testimony that we were unable to hear it. We did accept into the record all of the statements that were offered. I know that it cost time and it takes a lot of effort and money to prepare the testimony and come to Washington to present it. I want those who were unable to come back today to know that the subcommittee does recognize and appreciate the effort they made. As I said, their full statements, of course, will be in the record.

As stated yesterday, we are subjected to very severe time constraints, and I am asking that the witnesses do their best to summarize their statements and to keep it within the allotted 5 minutes. Brevity doesn't, of course, imply irrelevance. It often makes it better.

We are honored to have this morning two distinguished colleagues from the state of Ohio, one here, one we believe soon to be here. First, the senior Senator from Ohio, Senator John Glenn. We invite you, Senator Glenn, to make your comments. I know that you're accompanied by others from Ohio, but we certainly invite you to either invite them up or whatever and start your testimony.

## CONGRESSIONAL WITNESS

## STATEMENT OF HON. JOHN GLENN, U.S. SENATOR FROM OHIO

Senator GLENN. Thank you, Mr. Chairman. I appreciate the opportunity to appear before you today. My friend and colleague, Senator Howard Metzenbaum, will be here very shortly. I am told he is on the way.

We also have representatives of the Greater Cleveland area with us to request your continued assistance in helping Ohio obtain discretionary funds under the interstate substitution program for fiscal year 1988.

First, I want to thank the committee for their continued interest and support for Northeastern Ohio Interstate Substitution projects. The assistance you gave us during the last several years has enabled us to take great strides in repairing critical streets, bridges, and other facilities. Ohio is now about two-thirds of the way through its interstate substitution program. Our multimillion-dollar backlog of interstate substitution programs is finally moving. But we have a lot more work to be done.

In 1979 local, state, and federal officials recognized that a program of both highway and mass transit substitution projects would better serve the national and regional interests than would construction of a 7.9-mile segment of I-490 in northeastern Ohio. I am familiar with that area and I believe that decision was a sound one. The decision was reached with the understanding that substitution funding would be available for these infrastructure projects. Eight years later, we are still waiting to complete these critical projects, and we want to get on with them.

Ohio continues to face a shortfall in highway funds—we have one of the poorest returns on federal gas tax contributions in the country, and an aging infrastructure along with it. For these reasons, Ohio has a desperate need for your help in drawing down its interstate transfer balance.

We understand that budget and deficit reduction requirements limit the amounts available even for projects that we all agree are essential. Competition for these funds is fiercer than ever, and I don't envy your job in trying to divvy these things up and be fair about it.

Therefore, Mr. Chairman, we are requesting not the full amount, but only \$22,675,000 of discretionary highway funds for fiscal 1988. These funds, when combined with our 1988 formula funds, will allow us to proceed with the specific projects that our Cleveland guests will present to you.

The majority of the funding will go toward bridge repairs and replacements. I know those are critical all over the country. In Ohio we have problems just like everyone else. But it is getting critical for us, and a well-maintained system of bridges is essential to any highway network, but it is of particular importance to an older, urban, manufacturing port city such as Cleveland. The funds we request today are essential investments in the future of Cleveland and Ohio.

We want to thank you for your consideration and your assistance. Senator Metzenbaum has not arrived yet. So, I will introduce our guests

who are in from Cleveland, Dr. Jack Licata of the Greater Cleveland Growth Association, if you'll join me up here please, and Mr. Virgil Brown, County Commissioner of Cuyahoga County and Secretary of the Northeast Ohio Areawide Coordinating Agency. I'll be glad to provide whatever additional information the committee needs from them. They are prepared to answer any questions that you may have, and I'm honored to be able to present them here today before the committee.

Senator LAUTENBERG. Thank you, Senator Glenn. As usual, you have the character and discipline that we would expect of a man of such distinction, and you honored us and assisted us greatly by keeping your remarks confined to a very short space of time. You made sense and I hope that we can deliver.

Senator GLENN. These are the experts.

[The statement follows:]

#### STATEMENT OF SENATOR JOHN GLENN

Mr. Chairman, I appreciate the opportunity to appear before you today. I am here with my friend and colleague, Senator Howard Metzenbaum, and representatives of the Greater Cleveland area, to request your continued assistance in helping Ohio obtain discretionary funds under the interstate substitution program for fiscal year 1988.

First, I would like to thank the committee for their continued interest and support for Northeastern Ohio Interstate Substitution projects. The assistance you gave Ohio during the last 2 years has enabled us to take great strides in repairing critical streets, bridges, and other facilities. Ohio is now about two-thirds of the way through its Interstate Substitution Program. Our multimillion-dollar backlog of interstate substitution programs is finally moving. But we have much more work to do.

In 1979, local, state, and federal officials recognized that a program of both highway and mass transit substitution projects would better serve the national and regional interest than would construction of a 7.9-mile segment of I-490 in northeastern Ohio. This decision was reached with the understanding that substitution funding would be available for these infrastructure projects. Eight years later, we are still waiting to complete these critical projects.

Ohio continues to face a shortfall in highway funds—we have one of the poorest returns on gas tax contributions in the country, and an aging infrastructure. For these reasons, Ohio has a desperate need for your help in drawing down its interstate transfer balance.

We understand, however, that budget and deficit reduction requirements limit the amounts available even for projects that we all agree are essential, and competition for these funds is fiercer than ever.

Therefore, Mr. Chairman, we are requesting \$22,675,000 of discretionary highway funds for fiscal 1988. These funds, when combined with our 1988 formula funds, will allow us to proceed with the specific projects that our Cleveland guests will present to you.

The majority of this funding will go toward bridge repairs and replacements. A well-maintained system of bridges is essential to any highway network—but it is of particular importance to an older, urban, manufacturing port city such as Cleveland. The funds we request today are essential investments in the future of Cleveland and the state of Ohio.

I want to thank you again for your consideration and assistance. I would now like to turn to my friend and colleague Howard Metzenbaum, who will give you more information on these projects, and will introduce our Cleveland guests. Thank you.

## NORTHEAST OHIO AREAWIDE COORDINATING AGENCY

## STATEMENT OF VIRGIL BROWN, BOARD OF DIRECTORS

Senator LAUTENBERG. OK, we would ask Mr. Brown and Dr. Licate—we welcome you here. Unfortunately, the admonition that I gave earlier applies all the way through, and that is, if you could, a very brief statement because we're going to take your full statement into the record. And that will be considered in the committee's deliberations.

Mr. BROWN. Thank you, Senator. First of all, I want to thank you and the committee for this time. And I certainly will observe the time.

I just want to back up what the Senator has said. A few years ago in 1979, we let go a project to complete a 7.9-mile strip for something later on. That something later on is several projects which we are now seeking funds for. Our bridges are in disrepair. Our roads are in disrepair. We have a lot of potholes. We have a very short construction season. We are asking you and this committee today to look favorably on the \$22.675 million that we need for this. Only you can grant us this amount that we want.

Thank you very much for the opportunity to be here this morning.

Senator LAUTENBERG. Thank you. These Ohioans are going to gain a reputation for getting right to the point. It makes it hard to resist.

[The statement follows:]

## STATEMENT OF VIRGIL BROWN

FIRST OF ALL, LET ME EXTEND THE GRATITUDE OF 10.6 MILLION PEOPLE, OHIO RESIDENTS, AND 2.2 MILLION NORTHEAST OHIO RESIDENTS, TO YOU, MR. CHAIRMAN, AND MEMBERS OF THE SUBCOMMITTEE, FOR PERMITTING US TIME TO SHARE WITH YOU A PROBLEM THAT IS NATIONAL IN SCOPE, BUT WHICH, I SUSPECT, IS SOLVABLE IN OUR CORNER OF THE WORLD. ALL WE HAVE TO DO, OF COURSE, IS CONVINCE YOU OF THAT.

MY NAME IS VIRGIL BROWN, POLICY BOARD SECRETARY FOR THE METROPOLITAN PLANNING ORGANIZATION (MPO) BOTH OWNED BY AND ADVOCATING THE INTERESTS OF THOSE 2.2 MILLION PEOPLE, ALL RESIDING WITHIN THE 172 JURISDICTIONS OF GENERAL PURPOSE LOCAL GOVERNMENT WITHIN THE FIVE NORTHEAST OHIO COUNTIES OF CUYAHOGA, GEAUGA, LAKE, LORAIN AND MEDINA. I AM A LOCAL ELECTED OFFICIAL, BEING A COUNTY COMMISSIONER OF CUYAHOGA, A CHARTER MEMBER AND LARGEST OF THE FIVE MPO COUNTIES, AND THE LARGEST OF THE 88 COUNTIES IN THE STATE OF OHIO.

FOR PURPOSES OF SUBCOMMITTEE RECOGNITION, HOWEVER, WE ARE TALKING ABOUT THE GREATER CLEVELAND METROPOLITAN AREA. MY AGENCY, THE NORTHEAST OHIO AREAWIDE COORDINATING AGENCY (NOACA), GOVERNED BY MAYORS, COUNCILMEN, TOWNSHIP TRUSTEES AND



COUNTY COMMISSIONERS, IS THE 23 U.S.C. 134 AGENCY, RESPONSIBLE FOR THE TRANSPORTATION PLANNING PROCESS AND TRANSPORTATION IMPROVEMENT PROGRAM WITHIN THIS REGION.

AS YOU HAVE HEARD, A DECISION WAS MADE, IN 1979, NOT TO BUILD A 7.9 MILE SEGMENT OF AN INTERSTATE IN OUR REGION. WE CONDUCTED THE STUDY WHICH SHOWED THAT SUCH CONSTRUCTION WOULD SAVE THE MOTORING PUBLIC ONE MINUTE OF DRIVING TIME. WE THEN TOOK THE ACTION TO SUBSTITUTE A SERIES OF PROJECTS THAT, ON A COST BENEFIT BASIS, WOULD BETTER SERVE OUR LOCAL, STATE AND NATIONAL INTERESTS. THOSE PROJECTS WERE ARDUOUSLY NEGOTIATED AND EVOLVED INTO THE FEDERALLY REQUIRED PLAN OF SUBSTITUTE PROJECTS, INITIALLY APPROVED IN 1980, THEREAFTER REVISED TWICE, WHICH PLAN WAS EITHER APPROVED OR ENDORSED BY THE NOACA GOVERNING BOARD, BY TWO SUCCESSIVE GOVERNORS OF OUR STATE, AND BY TWO SECRETARIES OF THE UNITED STATES DEPARTMENT OF TRANSPORTATION, BOTH MR. GOLDSCHMIDT AND MRS. DOLE.

WITH ALL THAT COORDINATION AND APPROVAL, WE FELT SURE THAT THE FUNDS WOULD FLOW TO CRITICALLY NEEDED INFRASTRUCTURE PROJECTS, MUCH LIKE WATER FLOWS A PARCHED DESERT. HOWEVER, SOMEBODY FORGOT TO OPEN THE SLUICE GATE<sup>1</sup> ON THE DAM. A TRICKLE RESULTED, RATHER THAN THE ANTICIPATED FLOOD, TO THE POINT THAT WE NOW

APPROACH THE FOURTH QUARTER OF FISCAL YEAR 1987 AND PEER AHEAD TO FISCAL YEAR 1988 AND SEE THAT THE COST OF INTERSTATE SUBSTITUTION PROJECTS, READY FOR CONTRACT SALE, IS TWO AND ONE-HALF TIMES AS GREAT AS THE TOTAL OF INTERSTATE HIGHWAY SUBSTITUTION MONEY AVAILABLE TO OHIO BY APPORTIONMENT.

WE WISH, AT THIS TIME, TO THANK CONGRESS, ESPECIALLY MEMBERS OF THIS SUBCOMMITTEE FOR YOUR PAST SUPPORT FOR NORTHEAST OHIO'S INTERSTATE SUBSTITUTION PROJECTS AND PRIORITIES. AS WE PROMISED IN PAST YEARS, WE HAVE SPENT ALL INTERSTATE SUBSTITUTION DISCRETIONARY AMOUNTS THAT YOU GRANTED. WE STAND READY, WILLING AND ABLE TO ACCOMPLISH THIS AGAIN THIS YEAR. WE ARE REQUESTING \$22.675 MILLION IN INTERSTATE SUBSTITUTION DISCRETIONARY HIGHWAY FUNDS FOR FY 1988.

WE ALSO WISH TO THANK CONGRESS AND THIS SUBCOMMITTEE FOR YOUR INTEREST AND SUPPORT FOR THE CONTINUATION ON THE ENTIRE INTERSTATE SUBSTITUTION PROGRAM. THE ADDED FLEXIBILITY, AND MAINTENANCE OF LOCAL CONTROL THROUGH THE SECTION 134 ORGANIZATIONS, AND PERMISSIVE USE OF INTERSTATE SUBSTITUTION FUNDS FOR PLANNING/PROGRAMMING SUPPORT, ARE ALL WELCOME AND PRODUCTIVE HIGHLIGHTS OF THE FEDERAL-AID HIGHWAY ACT OF 1987.

I EARLIER MENTIONED, BY WAY OF GEOGRAPHY, THAT THE CLEVELAND METROPOLITAN AREA IS HOME. WE HAVE ANOTHER REASON FOR IDENTIFYING CLEVELAND, CUYAHOGA COUNTY, AS WE ARE FOND OF SAYING, "CLEVELAND IS THE HOME OF THE PRIVATE-PUBLIC PARTNERSHIP." WE ARE SHARING TESTIMONY TODAY WITH THE BUILD-UP GREATER CLEVELAND CAMPAIGN, OUR CHAMBER OF COMMERCE AND PARTNER IN INFRASTRUCTURE PROJECTS. WE HAVE BLENDED TOGETHER BOTH PRIVATE AND PUBLIC SECTOR ENTITIES FOR THE PAST FOUR YEARS, TARGETING EFFORTS TOWARD ESTABLISHING NEED, AND MATCHING OPPORTUNITY TO THAT NEED, IN THE SUBJECT AREAS OF ROADS, BRIDGES, TRANSIT, SEWER AND WATER IMPROVEMENTS. ALL FURTHER EVIDENCE OF OUR REGIONAL DETERMINATION THAT FEDERAL DOLLARS FOR INFRASTRUCTURE FINDS A "SAFE HARBOR" AND IS A COST BENEFICIAL INVESTMENT IN OUR AREA.

TO RECAP, THEN, A MOMENT: WE FOUND THE PROGRAM (INTERSTATE SUBSTITUTION); WE GAVE UP SOMETHING TO GET INTO THE PROGRAM (\$235 MILLION OF INTERSTATE CONSTRUCTION); WE STITCHED TOGETHER A COALITION TO BE SMART ON HOW TO USE THOSE FUNDS (PRIVATE-PUBLIC PARTNERSHIP); THEN THE PROGRAM, WHICH LAUNCHED ALL OF THE FOREGOING HAS TAKEN FAR LONGER THAN ANYONE REALIZED.

IN FY 1986, OUR AREA'S REGULAR FORMULA ALLOCATION WAS

APPROXIMATELY \$15.6 MILLION. DUE TO CHANGES IN THE FEDERAL-AID HIGHWAY ACT OF 1987, OUR FORMULA ALLOCATION DROPPED BY THIRTY-SEVEN PERCENT (37 %) TO \$9.8 MILLION ANNUALLY. WE REALIZE THAT ALMOST ALL CATEGORICAL PROGRAMS WERE REDUCED (E.G., URBAN SYSTEM, AND PRIMARY), AND, IN SOME PROGRAMS, ELIGIBILITY HAS INCREASED (E.G., MINIMUM ALLOCATION, AND INTERSTATE SUBSTITUTION), THUS, SPREADING THE AVAILABLE DOLLARS THINNER. HOWEVER, AT THE PRESENT RATE OF \$9.8 MILLION PER YEAR IN INTERSTATE SUBSTITUTION FORMULA ALLOCATIONS, OUR PROGRAM IN THE GREATER CLEVELAND AREA WILL NOT BE COMPLETED UNTIL FY 1994. . . FIFTEEN (15) YEARS AFTER WE BEGAN, AND WELL INTO THE NEXT HIGHWAY ACT.

UTILIZING OTHER CATEGORIES OF TRANSPORTATION FUNDING, APPORTIONED TO OHIO FOR THESE PRIORITIES, IS NOT AN ANSWER. AS IN OTHER STATES, THERE IS EXTREME PRESSURE ON EACH OF THE FUNDING ACCOUNTS, BE IT PRIMARY, BRIDGE REPLACEMENT, SECONDARY, URBAN, OR OTHER, FROM QUALITY PROJECTS NEEDING TREATMENT THROUGHOUT OUR STATES. GIVEN THAT SCENARIO, UNLESS INTERSTATE SUBSTITUTION DISCRETIONARY IS RECOMMENDED BY THIS SUBCOMMITTEE, THE SUBSTITUTE PROJECTS MUST LANGUISH UNSOLD AND UNTREATED FOR ANOTHER YEAR OR LONGER.

AS ONE OF THE NATION'S OLDER REGIONS, OHIO SUFFERS FROM MORE THAN ITS SHARE OF DETERIORATION. IT ENTERED INTO A CONTRACT (INTERSTATE SUBSTITUTION) WITH THE NATION TO HELP ATTACK THAT PROBLEM. AT THE CURRENT RATE, THIS FUNDING MECHANISM WILL CLOSE ITS BOOKS WITH OHIO GETTING LESS THAN FIFTY PERCENT OF THAT WHICH IT BARGAINED FOR FROM THIS ACCOUNT.

LADIES AND GENTLEMEN, THAT ISN'T GOOD ENOUGH. DISCRETIONARY INTERSTATE TRANSFER IS THE ONLY ANSWER IF WE ARE TO TURN THE RUST OF DETERIORATION INTO AN INVESTMENT IN OUR NATION THAT WILL YIELD TWO TANGIBLE BENEFITS: RENEWED INFRASTRUCTURE TO TRANSPORT PEOPLE AND GOODS THROUGH OUR METROPOLITAN REGIONS, AND, PERHAPS THE MOST TANGIBLE BENEFIT OF ALL, GAINFUL EMPLOYMENT--OR JOBS--FOR AMERICANS OTHERWISE DISENFRANCHISED.

THANK YOU FOR THE OPPORTUNITY TO ADDRESS YOU.

GREATER CLEVELAND GROWTH ASSOCIATION

#### STATEMENT OF JACK LICATE

Dr. LICATE. Thank you very much, Senator. I am Jack Licate from the Greater Cleveland Growth Association. That's the Chamber of Commerce for Cleveland and northeast Ohio.

I would want to make a special point of thanking our Senators Glenn and Metzenbaum and Commissioner Brown, those voices from our public sector, with regard to their dogged attempt to make sure that there is an equitable return on the money due Ohio under this program.

From the private sector point of view, we all from Ohio speak in one voice with regard to this program. Our state has distinguished itself in utilizing the funds very efficiently and effectively over the last 8 years,

and we can provide you information on how the flow of funds has taken place.

In particular in the area of northeast Ohio, there is a well-established strategy for the efficient and effective use of these funds. And we think that from the private sector point of view, they are an outstanding contribution to the investment for the future economic development of our area.

So, again, I would wish to thank you and members of the committee for your thoughtful consideration in the past on this matter and hopefully in the future. Thank you.

Senator LAUTENBERG. Thank you very much. The wisdom obviously speaks for itself, and we will look through the record very thoroughly.

My former life included some installations throughout Ohio, in particular around Cleveland. And I know that the city takes a lot of pride in itself, and is attempting to do the right job. We hope that we can be of sufficient help pursuant to your requests or the requests of your two distinguished Senators from the state of Ohio.

Senator GLENN. Mr. Chairman, our brevity in no way indicates a lack of interest in these projects, quite the opposite. We're hoping that you will look at the material that is being submitted. It would take hours to go through all that this morning.

I personally know of these projects and exactly where they are. I can personally vouch for the authenticity of the request and what is needed.

We were faced a short time ago in Cleveland with the risk of even closing down interstate sections up there because we could not make some of these necessary improvements—the main routes in and out of downtown Cleveland. And so, these funds are really necessary for us if we are to have a continuing program there. So, we really urge that this reduced request that we have made this year be granted so we can keep these projects going. We really do have a desperate need. And I know you hear that from everybody, but ours is real.

Senator LAUTENBERG. Senator Glenn, I have never known you do deal in trivia. We respect your request, and thank you very much. We will have an opportunity for the guests when Senator Metzenbaum does arrive to introduce him. I know he had something else on his schedule.

Senator GLENN. Yes; and I hope you could hear his testimony when he arrives.

Senator LAUTENBERG. Yes, indeed.

Senator GLENN. He wasn't able to be here quite on time.

Senator LAUTENBERG. Thank you.

Mr. BROWN. Thank you very much.

Senator GLENN. Oh, I understand there's a vote on. I didn't even know there was a vote on.

Senator LAUTENBERG. We'll adjourn for about 4 minutes, and Senator Glenn and I will both go vote. Since he can't vote twice for me, I'll have to do my own. Thank you.

[A brief recess was taken.]

[The statement follows:]



STATEMENT OF WALTER T. OLSON, DIRECTOR, BUILD UP GREATER  
CLEVELAND

MR. CHAIRMAN, MEMBERS OF THE COMMITTEE:

I AM WALTER T. OLSON, A CONSULTANT IN ENGINEERING AND MANAGEMENT IN CLEVELAND, OHIO. I AM HERE TODAY AS THE PROGRAM DIRECTOR OF THE BUILD UP GREATER CLEVELAND PROGRAM. THAT PROGRAM IS A PUBLIC-PRIVATE PARTNERSHIP ESTABLISHED UNDER THE AUSPICES OF THE GREATER CLEVELAND GROWTH ASSOCIATION (OUR CHAMBER OF COMMERCE) TO DEVELOP AND TO PURSUE A CAPITAL INVESTMENT STRATEGY FOR REHABILITATING OR REPLACING THE HIGHWAYS, BRIDGES, TRANSIT, WATER AND SEWER SYSTEMS IN THE CLEVELAND AREA IN THE 1980'S.

IN MY TESTIMONY TODAY I WOULD LIKE TO URGE YOUR MOST SERIOUS CONSIDERATION OF OUR REQUEST FOR DISCRETIONARY FUNDS UNDER THE INTERSTATE SUBSTITUTION (IX) PROGRAM FOR URGENTLY NEEDED PROJECTS IN OHIO'S HIGHWAYS.

THE UNITED STATES CONGRESS HAS BEEN SENSITIVE TO HIGHWAY REPAIR NEEDS AND VERY HELPFUL TO US IN THE DETAILS OF AUTHORIZING AND ALLOCATING HIGHWAY FUNDS WITH EQUITY IN MIND. WE ARE VERY GRATEFUL FOR YOUR HELP.

AFTER FY 1987, OHIO WILL STILL BE DUE \$62 MILLION HIGHWAY FUNDS (29% OF ORIGINAL) FROM HAVING TRADED A 7.8 MILE STRETCH OF I-490 FOR A LIST OF MORE URGENTLY

NEEDED LOCAL PROJECTS IN 1980 UNDER THE INTERSTATE SUBSTITUTION (IX) PROGRAM ESTABLISHED BY CONGRESS. OUR REQUEST TODAY IS FOR \$22.675 MILLION DISCRETIONARY INTERSTATE SUBSTITUTION FUNDS FOR A LIST OF 24 HIGHWAY PROJECTS IN OUR 5-COUNTY AREA THAT COULD USE THESE FUNDS RIGHT NOW. THESE SPECIFIC PROJECTS IN NORTHEASTERN OHIO ARE COORDINATE WITH PLANS OF THE OHIO DEPARTMENT OF TRANSPORTATION. MR. CHAIRMAN, IN THIS REQUEST OHIO'S PUBLIC AND PRIVATE SECTORS SPEAK WITH ONE VOICE: THE FUNDS WE REQUEST, ENTITLED TO US BY LAW, ARE ESSENTIAL INVESTMENTS IN THE PRESENT ECONOMIC VITALITY AND FUTURE DEVELOPMENT OF OUR STATE.

IT IS OUR BELIEF THAT THE NATION'S ECONOMIC STRENGTH AND COMPETITIVENESS DEPEND ON A VIABLE PUBLIC CAPITAL PLANT JUST AS MUCH AS ON MODERN PRIVATE CAPITAL PLANTS AND EQUIPMENT. THIS NEED IS EVEN MORE CRITICAL IN OHIO'S CASE, AS OUR STATE IS UNDERGOING A PROTRACTED AND SOMETIMES PAINFUL FUNDAMENTAL TRANSFORMATION OF ITS ECONOMY.

THE "BUILD UP GREATER CLEVELAND PROGRAM", FOR WHICH I AM SPOKESMAN TODAY, REPRESENTS COMMITMENT IN OHIO'S LARGEST URBAN CENTER TO KEEP OHIO'S FORTUNES ON THE MEND. LIKE OTHER, OLDER CITIES IN OUR NATION, ESPECIALLY IN THE NORTHEAST, GREATER CLEVELAND FACES ENORMOUS PROBLEMS WITH GENERAL DETERIORATION OF ITS VITAL NETWORK OF TRANSPORTATION, WATER AND SEWER SYSTEMS. UNLIKE MOST URBAN CENTERS GREATER CLEVELAND

HAS AN AFFORDABLE AND EFFECTIVE IMPROVEMENTS PROGRAM IN PLACE.

AS EARLY AS 1981 THE PUBLIC AND PRIVATE SECTORS IN OUR COMMUNITY REALIZED THE URGENT NEED TO REPAIR OR REPLACE MAJOR COMPONENTS OF OUR AGING ROAD, BRIDGE, TRANSIT, SEWER, AND MUNICIPAL WATER INFRASTRUCTURE. LOCAL PUBLIC OFFICIALS WITH HELP FROM PRIVATE CITIZENS HAVE WORKED COOPERATIVELY ACROSS JURISDICTIONAL AND POLITICAL LINES TO MAINTAIN AND TO PURSUE COORDINATED, COMPREHENSIVE, AND WORKABLE PLANS FOR FINANCING THESE INFRASTRUCTURE NEEDS. ONLY THE MOST ESSENTIAL NEEDS ARE INCLUDED IN THE PROGRAM.

AT PRESENT, THE PROGRAM IS BASED ON A LIST OF HUNDREDS OF NECESSARY PROJECTS TOTALING ABOUT \$1.5 BILLION OVER THE NEXT FIVE YEARS; PRESENTLY EXPECTED LOCAL, STATE AND FEDERAL FUNDS SHOULD COVER ABOUT TWO-THIRDS OF THAT AMOUNT, LEAVING AN ESTIMATED SHORTFALL OF \$411 TO \$434 MILLION. WHILE MOST OF THIS SHORTFALL MUST BE MET LOCALLY WITH INCREASED FEES AND TAXES, WE ALSO SEEK EQUITABLE RETURN OF TAXES ALREADY PAID.

INTERSTATE SUBSTITUTION FUNDS ARE AN EXPECTED SOURCE OF INCOME FOR CERTAIN OF THE REHABILITATION NEEDS INCLUDED IN THE BUILD UP GREATER CLEVELAND PROGRAM.

OVER THE YEARS SINCE THE INTERSTATE SYSTEM WAS INITIATED IN 1956, OHIO TAXPAYERS HAVE CONTRIBUTED OVER A BILLION DOLLARS MORE TO THE HIGHWAY TRUST FUND THAN THEY HAVE RECEIVED IN FEDERAL HIGHWAY INVESTMENT. OUR PEOPLE HAVE CONSISTENTLY SUPPORTED TAX INCREASES TO BUILD AND MAINTAIN THE FEDERAL-AID HIGHWAY SYSTEM. OHIOANS HAVE MADE THIS CONTRIBUTION TO THE NATIONAL INTEREST WILLINGLY IN THE BELIEF THAT OUR NEEDS WOULD BE FAIRLY AND EQUITABLY CONSIDERED BY CONGRESS AND DOT.

IN SUMMARY, MR. CHAIRMAN, THE PUBLIC AND PRIVATE SECTORS OF OUR AREA ARE UNIFIED ON THE ISSUE OF THE NECESSITY OF THESE IX FUNDS. WE CONSIDER THAT THE HIGHWAY FUNDS WE REQUEST WILL BE SOUND INVESTMENTS WHICH WILL CONTRIBUTE SIGNIFICANTLY TO INCREASED PRODUCTIVITY AND ECONOMIC DEVELOPMENT OF OUR AREA AND STATE, AND THUS THE NATION.

WE ARE AS CONCERNED AS ANY AMERICANS ABOUT THE NATIONAL BUDGET DEFICIT, BUT WANT TO POINT OUT THAT WE ARE REQUESTING ONLY PART OF THE IX FUNDS TO WHICH WE ARE ENTITLED BY LAW. WE WILL SEEK FURTHER IX FUNDS IN FUTURE FISCAL YEARS. THE \$22.675 MILLION REQUESTED HERE WOULD BE USED IN AN AREA WHICH HAS DEVELOPED A PUBLIC/PRIVATE PROGRAM OF INFRASTRUCTURE PLANNING AND FINANCING DESIGNED TO YIELD THE MOST EFFECTIVE AND EFFICIENT USE OF SCARCE FEDERAL, STATE, AND LOCAL RESOURCES. OHIO AND CLEVELAND ARE DIGGING OUT; WE ARE COUNTING ON THE FEDERAL GOVERNMENT TO KEEP FAITH WITH US WITH ITS SHARE.

## CONGRESSIONAL WITNESS

## STATEMENT OF HON. HOWARD METZENBAUM, U.S. SENATOR FROM OHIO

Senator LAUTENBERG. The subcommittee will come to order please.

At this point we are pleased to welcome our distinguished colleagues, my distinguished colleagues. The order as initially established was for Senator Metzenbaum to go first. Senator and all our colleagues, we are trying desperately to keep these statements very short. We have a number of witnesses. Of course, we will listen with great interest and great attention to every word that you say.

Senator METZENBAUM. Senator, I'm very easy to get along with. If I can get a commitment that we get the money, I will not say a word.

Senator LAUTENBERG. Well, we better keep talking. [Laughter.]

Senator METZENBAUM. Good morning, Mr. Chairman. I will not be lengthy. But I want to thank you and the members of your subcommittee for permitting Clevelanders who have already testified in behalf of Greater Cleveland, as well as myself to be heard today.

Truthfully, I want to speak this morning in a little different context than the average presentation because I want to talk about a matter of simple equity. It involves the responsibility and the word of governmental leaders to follow through on promises they make to the people. It specifically involves the Department of Transportation's obligation to make good on the entire \$261 million it owed the Cleveland area—it owed the Cleveland area—pursuant to the interstate substitute program.

Two secretaries of transportation, Neal Goldschmidt and Elizabeth Dole, recognized that Cleveland gave up the money. And all we're asking is for that same money to come back. It is not new money. In 1979 Cleveland's leaders elected to cancel a 7.9-mile segment of the proposed I-490 freeway with a specific understanding that the money would be returned to the area for urgent bridge and highway reconstruction projects. That was 8 years ago.

Today Cleveland is still fighting for its very own money. The federal government still owes Cleveland \$62 million of that total \$261 million. We have an obligation in the Congress in my opinion to provide those funds.

The key to Cleveland's transportation system is its bridges and highways. They are the glue, the absolute glue, that holds the other pieces of the system, the airports and the port facilities and the transit system, together. Cleveland's leaders recognized that reality 7 years ago when they elected to trade in the I-490 freeway and to get this money back. Why? Because many of the city's most important bridges were closed to traffic or operating under reduced load limits, and important commuter arteries were crumbling and in need of additional lanes or urgent repair. So, they said, we will give up this interstate highway money if you will give us back this other money to use for the infrastructure of the Cleveland community.



Certain commercial and industrial centers were becoming dangerously isolated. The Tremont neighborhood, for example, was virtually cut off when structural safety problems forced the closing of the Clark Avenue Bridge. The bridge is just totally closed down. The closing of other bridges like the Lorain-Carnegie caused tremendous difficulties for Clevelanders. Canceling I-490 did not bring about the funds that Cleveland's leaders expected. The region still had to compete with other cities for the annual meager appropriation of interstate substitute funds.

Two years ago, six years after the I-490 project was canceled, this subcommittee gave Cleveland for the first time ever an allocation of interstate transfer discretionary funds. I am happy to report this money will be obligated by the end of the fiscal year.

However, much remains to be done. The region has approximately \$35 million of bridge and highway projects for which construction funds could be obligated in fiscal 1988. By formula allocation, however, the region only stands to receive about \$9 million next year. Therefore, the region is requesting an additional \$22,675,000 over the formula allocation.

Mr. Chairman, I have some strong feelings about the word of government officials. Obviously, you're not a party to having given that word. Your committee is not. But I believe that government ought to live up to its word to the promises that were made in 1979. Nobody denies that those promises were made. We ought to provide Cleveland the funding it is due under the interstate transfer program. I would hope that the committee would see fit to do so. And I would just say to you, Mr. Chairman, I call upon your sense of fairness. I call upon your sense of equity. I call upon your sense of justice, and yes, you my friend, Frank Lautenberg, I call upon your friendship. We need this money. We need it badly.

Senator LAUTENBERG. Senator Metzenbaum, you and your distinguished colleague who preceded you and your constituents and colleagues from Ohio make a very eloquent case. We are going to do whatever we can. We are going to try not to promise away more than we can deliver.

One thing that I think those of us who sit here know very well is that we are continually short-changing the transportation needs of this country. And without it we cannot continue to expect economic development to take place. We have two distinguished colleagues from Nebraska about to testify. Many times we have talked about the isolation of smaller communities from air service. All the transportation needs are critical. And I know what it means in the state of New Jersey where a community is trying to rebuild, going from an industrial base to a new job and economic opportunity base, without having access, without people being able to get to either work or produce goods or what have you.

So, we thank you very much, Senator Metzenbaum, for your testimony.



Senator METZENBAUM. Thank you, Mr. Chairman.

Senator LAUTENBERG. We will try to do whatever we can. Senator Harkin would like to say something before you leave.

Senator Harkin. I just wanted to thank my esteemed colleague from Ohio for being here. And I just want to tell the people of Ohio, if there is one Senator who knows how to get things done around here and get things through, it is Howard Metzenbaum. And so, I think they can count on your very heavy involvement in this project and your efforts to get this thing through.

Senator METZENBAUM. It is reassuring to see two such good friends sitting there I might say, Mr. Chairman.

Senator LAUTENBERG. Thank you, Senator Harkin. Do you have something in front of Senator Metzenbaum's committee later on?

Senator HARKIN. Yes, I might have. [Laughter.]

[The statement follows:]

#### STATEMENT OF SENATOR HOWARD METZENBAUM

Good morning, Mr. Chairman. I want to thank you and the members of your subcommittee for permitting us to testify today in behalf of Greater Cleveland.

Today, I want to speak about a matter of simple equity. It involves the responsibility of governmental leaders to follow through on promises they make to the people.

Specifically, it involves the Department of Transportation's obligation to make good on the entire \$261 million it owed the Cleveland area pursuant to the Interstate Substitute Program.

In 1979, Cleveland's leaders elected to cancel a 7.9-mile segment of the proposed I-490 freeway with the understanding that the money would be returned to the area for urgent bridge and highway reconstruction projects.

That was 8 years ago.

Today, Cleveland is still fighting for the money.

The federal government still owes Cleveland \$62 million.

We have an obligation to provide those funds.

The key to Cleveland's transportation system is its bridges and highways. They are the glue that holds the other pieces of the system—the airports, the port facilities, the transit system—together.

Cleveland's leaders recognized that reality 7 years ago, when they elected to trade in the I-490 freeway.

Many of the city's most important bridges were closed to traffic or operating under reduced load limits. Important commuter arteries were crumbling and in need of additional lanes or urgent repairs.

Certain commercial and industrial centers were becoming dangerously isolated. The Tremont neighborhood, for example, was virtually cut off when structural safety problems forced the closing of the Clark Avenue Bridge. The closing of other bridges like the Lorain-Carnegie caused tremendous difficulties for Clevelanders.

But canceling I-490 did not bring about the funds that Cleveland's leaders expected.

The region still had to compete with other cities for the annual meager appropriation of interstate substitute funds.

Two years ago—6 years after the I-490 project was canceled—this subcommittee gave Cleveland—for the first time ever—an allocation of interstate transfer discretionary funds.

I am happy to report that this money will be obligated by the end of the fiscal year.

However, much remains to be done.

The region has approximately \$35 million of bridge and highway projects for which construction funds could be obligated in fiscal 1988.

By formula allocation, however, the region only stands to receive about \$9 million next year.

Therefore, the region is requesting an additional \$22.675 million over the formula allocation.

Mr. Chairman, I believe we ought to live up to the promises made in 1979. We ought to provide Cleveland the funding it is due under the Interstate Transfer Program.

I would hope the committee sees fit to do so.

I appreciate your kind attention to this important matter.

#### CONGRESSIONAL WITNESSES

##### STATEMENT OF HON. J. JAMES EXON, U.S. SENATOR FROM NEBRASKA

Senator LAUTENBERG. We welcome our other distinguished colleagues and their friends and associates from their home state. We will start. We ask the forgiveness of our colleagues and the visitors, but there is something called a voting process which has as its only mission the disruption of committee hearings. Yesterday they succeeded in wiping us off the map. Today we are little late. I apologize and invite you, Senator Exon to give us your testimony first.

Senator EXON. Thank you very much, Mr. Chairman, and Senator Harkin. We are just delighted that you have taken time to hear us this morning on two tremendously important projects to Nebraska.

I am going to be very brief, maybe about 4½ minutes. Then if you will excuse me there is a markup going on right now over in the Commerce Committee with regard to aviation that you are very much concerned about. And I intend to read my statement. Then if you'll excuse me I'll turn it over to my colleague Senator Karnes and the three experts that we have from our state to answer any questions.

First, I would like to thank you all for allowing us to be here today in support of items which are very important to Nebraska's surface transportation needs.

With me are three gentlemen, the experts that I referred to earlier in their fields. They are Mr. Ray Hogrefe, seated immediately to my right, the director of the Nebraska Department of Roads; Mr. James Suttle, seated to my left, the public works director of the city of Omaha; and next to him is Mr. Howard Gunnerson of Lincoln's Railroad Transportation Safety District.

The first item that I would like to discuss is the Omaha North Freeway and Storz Expressway. Mr. Chairman and members of the committee, about 15 years ago, when I was governor, we were the second or third state in the Nation to complete our interstate highway system.

Now, there have been some additions to that since then and the North Freeway is one of them. We feel that while we have received consideration in the past, we think it is time now to put all the delays behind us and move ahead with the completion of the North Freeway and the Storz Expressway. Discretionary funding is requested for the interstate substitution program to complete the northern part of Omaha's transportation system. This project is partially complete and desperately needs to be finished to end the disruption and frustration accompanying the construction. The 1988 federal apportionment on interstate substitution discretionary funds totaling a little over \$10 million would

close out Nebraska's interstate substitution funding. This would complete the Omaha North Freeway and the Storz Expressway.

Mr. Chairman, north Omaha needs to have this project completed promptly. The area is an economically depressed area which has tremendous potential for growth and economic vitality. Its location relative to industrial employment centers and the Omaha airport gives it great potential for revitalization. However, the present deficiency in surface transportation for the area inhibits urban development of this area and this is an older section of the city that needs help. There is simply, Mr. Chairman, no way to get from here to there under the present road system. This is unfair to the area's substantial minority population which suffers a high unemployment rate. Improved transportation access for business and industry is the key to jobs availability for the area.

Mr. Chairman, I urge you and your committee to approve the necessary funding for this project. And I would defer to Mr. Hogrefe and Mr. Suttle for any additional information or for answering any questions. I happen to know that Senator Harkin, our neighbor in Iowa, knows firsthand and has seen the need for this particular facility.

Second, Mr. Chairman, I would like to urge your favorable consideration in obtaining a \$4 million appropriation for the 1988 fiscal year to complete the federal funding for Lincoln's rail highway crossing demonstration project, commonly known as the K&L Streets Project. Lincoln is my home city, and I am very much aware of the need and in support of this project. Again, as with the previous request, I would like to stress that we desire to complete this project, not begin a whole new project. And the sooner it is completed, obviously the better.

This project affects an area of southwest Lincoln. It is currently isolated from the central business district and other areas of the city by tracks which serve the high volume traffic of coal trains and other heavy railroad freight. At present, over 13,000 automobiles per day must cross five sets of railroad tracks. These tracks carry about 36 trains per day, and are expected to carry 90 trains per day by the year 2000. Many of these trains average 100 cars in length and travel at speeds of 5 to 10 miles per hour. This causes considerable congestion and delay to street travelers and severely harms the economic development of this part of the city. It also poses a serious safety problem for emergency fire, police, and ambulance vehicles.

Mr. Chairman, I urge your support for this request. As you know, I have been before this committee several years in the past on behalf of this project. With your help this year we can complete this with a very modest appropriation. I would defer to the experts on this, and I thank you very much for your attention this morning.

Senator LAUTENBERG. Thank you, Senator Exon. Few know a state better than you know Nebraska, having served as governor and serving it so well as its Senator.

We know what a problem these grade crossings are; the terrible inconvenience that they present. We have abolished many of them in parts of the country, which offers us a chance to operate with a greater

degree of safety. Most of the railway accidents, fatalities and serious injuries come at grade crossings. So, we listened very intently to what you had to say.

[The statement follows:]

STATEMENT OF SENATOR J. JAMES EXON

Mr. Chairman, I would like to thank you for allowing me to appear here today in support of several items which are very important to me and to the surface transportation needs of the state of Nebraska.

With me today are three gentlemen who are the experts in their fields. They are Mr. Ray Hogrefe, director of the Nebraska Department of Roads; Mr. James Suttle, public works director of the city of Omaha; and Mr. Howard Gunnerson of our Railroad Transportation Safety District.

The first item I would like to address is the Omaha North Freeway and Storz Expressway. Discretionary funding is requested from the Interstate Substitution Program to complete the northern part of Omaha's transportation system. This project is now partially complete and desperately needs to be finished to end the disruptions and frustrations accompanying construction. The fiscal year 1988 formula apportionment and interstate substitution discretionary funds, totaling a little over \$10 million, would close out Nebraska's interstate substitution funding. This would complete the Omaha North Freeway and Storz Expressway.

Mr. Chairman, north Omaha needs to have this project completed. The area is an economically depressed area which has tremendous potential for growth and economic vitality. Its location relative to industrial employment centers and the Omaha Airport gives it great potential for revitalization. However, the present deficiency in surface transportation for the area inhibits urban development of this older section of the city. There's simply no way to get there, so to speak. This is unfair to the area's substantial minority population which suffers a high unemployment rate. Improved transportation access for business and industry is the key to jobs availability for the area.

Mr. Chairman, I urge you to approve the necessary funding for this project. I would defer to Mr. Hogrefe and Mr. Suttle for any additional information or to answer questions.

Second, Mr. Chairman, I would like to urge your favorable consideration in obtaining a \$4 million appropriation for the 1988 fiscal year to complete the federal funding for Lincoln's rail-highway crossing demonstration project, commonly known as the "K&L Streets projects." Lincoln is my home city and I am very much aware of the need and in support of this project. Again, as with the previous request, I would like to stress that we desire to complete this project, not begin a whole new project, and the sooner it is completed the better.

This project affects the area of southwest Lincoln. It is currently isolated from the central business district and other areas of the city by tracks which serve the high volume traffic of coal trains and other heavy railroad freight. At present, over 13,000 automobiles per day must cross over five sets of tracks. These tracks carry about 36 trains per day and are expected to carry 90 trains per day by the year 2005. Many of these trains average 100 cars in length and travel at speeds of 5 to 10 miles per hour. This causes considerable congestion and delay to street travelers and severely harms the economic development of this part of the city. It also poses a serious safety problem for emergency police, fire, and ambulance vehicles. Mr. Chairman, I urge your support for this request. As you know, I have been before this subcommittee several years in the past on behalf of this project. With your help, this year we can complete it with this modest appropriation. I would defer to Mr. Gunnerson for any additions or technical questions.

Thank you very much for your time and allowing me to appear here today.



## STATEMENT OF HON. DAVID KARNES, U.S. SENATOR FROM NEBRASKA

Senator LAUTENBERG. At this point we invite Senator Karnes to make his statement.

Senator KARNES. Thank you very much, and thank you to my colleague from Nebraska for opening the issue. I want to thank you for this first opportunity to appear before the Appropriations Committee.

I would like to state that this is my first appearance before the subcommittee since my appointment, and I look forward to a long and fruitful association with you and the other distinguished members of the subcommittee.

The North Omaha Freeway and the Storz Expressway represent a substantial improvement to the Omaha highway system. It is a project with profound implications for the economic well-being of the community and the quality of life of the citizens who live and work there.

At its current stage of development, the Omaha transportation system is nearly complete with the exception of the North Freeway and the Storz Expressway, which I will refer to as the North Freeway.

Over the years the lack of adequate roadway access to the northern part and eastern parts of the city have had a profound detrimental effect on the ability of those areas to grow and develop along with the other regions of the city. One does not have to travel around the city for very long to realize it is far more difficult to reach certain parts of the north and east sections of Omaha than it is to reach neighborhoods connected by the other interstate systems.

This imbalance has made it extremely difficult, in fact, prohibitive for industry to seriously consider siting in parts of north and east Omaha. The sad result has been that many of the city's poor people who live in the area in this part of the community, have little to look forward to as far as new local employment opportunity.

Equally important, the situation has fostered the perception among local residents and among people looking at the city of Omaha that this part of the community is insulated and isolated from employment opportunities and opportunities for economic development.

Other serious transportation factors should influence our thinking also. For instance, the access to the Metropolitan Technical Training Center which received a significant amount of federal funds is in this area, and has very poor access for the students who are seeking to study at that institution.

Also, I should mention the famous or, perhaps I should say, infamous roadways to the Eppley Airfield. This is our major civilian airport serving Omaha. The lack of access has been a constant source of consternation and an impediment to business development in this part of the community, and access to allow that airport to grow quickly and in a consistent fashion is needed. Until recently both the north and south roadways accessing Eppley Airfield could only be described as abominable. We have made some improvements on the south access. In fact, we are talking about a project that is very close to completion.

And I know the citizens of Omaha are very grateful for the interest of this committee and your valuable assistance in pushing some of the highway system projects in Omaha forward. But my primary purpose in testifying today is to urge that you approve fiscal year 1988 funding to complete the project, and that is our most important concern.

Most of the work on the interstate highway system project in Omaha has been completed. We have only 3.6 miles, which have been partially completed, that remain. The right-of-way acquisition is done. The design plans are finished, and much of the construction is done. Three sections remain to be paved. That is all that we have left.

We have Jim Suttle from the Department of Public Works in Omaha, then we have Ray from the State Department of Roads, who are here to speak more specifically to the details of the project. But they have informed me that we are, indeed, within striking distance of finishing this North Freeway project soon. And I feel that we should strongly consider that.

I request that the funds to complete the project, which total \$10,082,000, be made available in fiscal year 1988 from the interstate transfer fund. This amount includes \$4,628,000 for paving, landscaping, and lighting on this North Freeway section, and \$4,285,000 for paving the Storz Expressway section, and the remaining \$1,169,000 for certain right-of-way completion payments.

I would emphasize that I am not requesting add-on funds to increase the overall cost of the project. I am only requesting that the funds originally programmed to build this project be made available in the coming fiscal year so that we can keep this project on schedule.

Mr. Chairman, on another matter affecting roads in Omaha, I would like to state my support for the request of local officials for interstate discretionary 4-R funds for certain stretches of Interstate 80 in the city. Interstate 80 receives a tremendous amount of use in Omaha. And as someone who has done a great deal of personal traveling on these freeways, I can report that certain parts of the city are in tremendous need of repair and reconstruction. Obviously Interstate 80 is a vital part to the Omaha transportation system and one of the primary east-west routes for private use and commercial use in this country.

This need is especially great for these 4-R funds at the I-80 and 480 interchange. It is astounding to note that this stretch of the highway is probably the only section of the Interstate 80 system anywhere in the country that narrows to a single lane in both directions. The road and the ramps leading to it are markedly inadequate for the task of carrying the load of traffic, and drivers traveling this section are subject to serious delays. And it is one of the highest accident areas in the system.

State officials requesting that \$49.1 million in 4-R discretionary funds be expended over the next 3 years for Interstate 80 and the I-480 interchange reconstruction in Omaha. I feel it is important that these very highly traveled sections of the interstate system receive an appropriate commitment of funds to put the roadway into its proper shape and its proper design.



I sincerely appreciate the subcommittee's kind consideration of not only the North Freeway project that I discussed and the desire to complete that freeway in a timely fashion and also these 4-R discretionary funds on Interstate 80 and the 480 interchange. I look forward to doing whatever I can with the committee to secure these funds for our state. And Mr. Chairman, thank you so much for this opportunity, and thank you, Senator Harkin, for listening to a program that he is very familiar with. Thank you very much.

Senator LAUTENBERG. Thank you very much Senator Karnes, and we appreciate the urgency with which you and your senior colleague, Senator Exon, see these funds and these projects.

The one thing that we all have to do is to make certain that as much as possible we have the funding available for transportation. If we do not have it available, if we do not have the amounts budgeted, if we do not have the amounts appropriated, if we don't have the revenues, obviously dividing the pie becomes an impossible task. Arithmetically, you just cannot continue to make the pie smaller and then offer everybody a piece. When we have projects that we would like to have considered, it has to be with an understanding that somehow or other the funds have to get there. Somehow or other the budget has to provide for it. Somehow or other we either have to put them in transportation funds and take them from somewhere else; otherwise, it is just mathematically impossible. And we know the urgency of transportation funding throughout this country.

Senator Harkin.

Senator HARKIN. Thank you, Mr. Chairman.

I just wanted to echo what both of my colleagues from my neighboring state have just said about completing the system. For 10 years I represented Iowa's 5th Congressional District, which is right across the river from Missouri. And of course, now I represent the whole state. If you look at that little lake there that is called Carter Lake, Mr. Chairman, that really is in Iowa. There should be a little dotted line that comes up and around it and down. See, for me to get from Council Bluffs to the airport, the Eppley Airport at Omaha, I have to go from Iowa to Nebraska, through Iowa and back into Nebraska.

Senator LAUTENBERG. I have never heard a more persuasive argument for those funds. [Laughter.]

Senator HARKIN. I am telling you it is a mess sometimes getting up there because all that traffic has to flow that way. With the completion of that freeway, you get another flow of traffic to the west side of Omaha and down. These are interstate transfer funds. And they should be obtained. It is just one little segment that has to be completed to finish off the freeway system through Omaha. I can attest to the fact that traffic really bogs down the east-west and all the way up to Eppley Airfield right now. It would help greatly if we could get that completed.

So, I want to thank my colleague.

Senator KARNES. Thank you much, Senator.

[The statement follows:]

## STATEMENT OF SENATOR KARNES

MR. CHAIRMAN, I WELCOME THIS OPPORTUNITY TO APPEAR BEFORE YOU AND THE SENATE APPROPRIATIONS SUBCOMMITTEE ON TRANSPORTATION TO TESTIFY IN FAVOR OF EXPEDITED FUNDING FOR A VERY IMPORTANT PART OF THE HIGHWAY SYSTEM IN MY STATE AND IN OMAHA, THE NORTH FREEWAY AND STORZ EXPRESSWAY. I WOULD ADD THAT THIS IS MY FIRST APPEARANCE BEFORE YOUR SUBCOMMITTEE SINCE MY APPOINTMENT TO THE SENATE, A COMMITTEE WITH JURISDICTION OVER A NUMBER OF IMPORTANT PROJECTS IN NEBRASKA, AND I LOOK FORWARD TO A LONG AND FRUITFUL ASSOCIATION WITH YOU AND THE OTHER DISTINGUISHED MEMBERS OF THE SUBCOMMITTEE.

MR. CHAIRMAN, THE OMAHA NORTH FREEWAY AND THE STORZ EXPRESSWAY REPRESENT A SUBSTANTIAL IMPROVEMENT TO THE HIGHWAY SYSTEM IN OMAHA. IT IS A PROJECT WITH PROFOUND IMPLICATIONS FOR THE ECONOMIC WELL-BEING OF THE COMMUNITY AND FOR THE QUALITY OF LIFE OF THE CITIZENS WHO LIVE AND WORK THERE.

AT ITS CURRENT STAGE OF DEVELOPMENT, THE OMAHA TRANSPORTATION SYSTEM IS NEARLY COMPLETE--WITH THE EXCEPTION OF THE NORTH FREEWAY AND STORZ EXPRESSWAY, WHICH I WILL REFER TO HENCEFORTH AS THE NORTH FREEWAY. OVER THE YEARS, THE LACK OF ADEQUATE ROADWAY ACCESS TO PART OF NORTHERN AND EASTERN OMAHA HAS HAD A PROFOUND DETRIMENTAL EFFECT ON THE ABILITY OF THE AREA TO GROW AND DEVELOP ALONG WITH OTHER REGIONS OF THE CITY. ONE DOES NOT HAVE TO TRAVEL AROUND THE CITY FOR VERY LONG TO REALIZE THAT IT IS FAR MORE DIFFICULT TO REACH CERTAIN AREAS OF NORTH AND EAST OMAHA THAN IT IS TO REACH NEIGHBORHOODS CONNECTED BY INTERSTATE 80 AND ITS MAJOR SPURS SUCH AS I-680, I-480, AND THE KENNEDY FREEWAY. THIS

IMBALANCE HAS MADE IT DIFFICULT, IN FACT PROHIBITIVE, FOR INDUSTRY TO SERIOUSLY CONSIDER SITING IN PARTS OF NORTH AND EAST OMAHA. THE SAD RESULT HAS BEEN THAT MANY OF THE CITY'S POORER PEOPLE WHO LIVE IN THE AREA HAVE LITTLE TO LOOK FORWARD TO AS FAR AS NEW LOCAL EMPLOYMENT OPPORTUNITIES ARE CONCERNED. EQUALLY IMPORTANT, THE SITUATION HAS FOSTERED THE PERCEPTION AMONG LOCAL RESIDENTS THAT THEY ARE SOMEWHAT INSULATED AND ISOLATED FROM EMPLOYMENT OPPORTUNITIES ELSEWHERE IN OMAHA DUE TO THE LACK OF ADEQUATE HIGH-VOLUME ACCESS TO NORTH AND EAST OMAHA.

OTHER SERIOUS TRANSPORTATION FACTORS SHOULD INFLUENCE OUR THINKING, TOO. FOR INSTANCE, THE ACCESS TO THE METROTECHNICAL COLLEGE TRAINING CENTER, AND ALL THE COMMUNITY BENEFITS THAT ACCRUE FROM USE OF THE CENTER, ARE LIMITED UNTIL THE NORTH FREEWAY ELEMENTS ARE COMPLETED. ALSO, THE FAMOUS, OR PERHAPS I SHOULD SAY, THE INFAMOUS ROADWAYS TO EPPLEY AIRFIELD, THE MAJOR CIVILIAN AIRPORT SERVING OMAHA, WILL BE A SOURCE OF CONSTERNATION AND AN IMPEDIMENT TO BUSINESS TRAVEL UNTIL THE STORZ EXPRESSWAY SECTION IS COMPLETED. UNTIL RECENT YEARS, BOTH THE NORTH AND SOUTH ROADWAYS TO EPPLEY AIRFIELD COULD ONLY BE DESCRIBED AS ABOMINABLE. THE SOUTH ACCESS ROAD INTO THE HEART OF THE CITY HAS BEEN WIDENED, RELIEVING HALF OF THE PROBLEM IN DRIVING TO THE CITY AIRPORT. NOW, THE CITIZENS OF OMAHA, ESPECIALLY THOSE WITH INTERESTS IN NORTH OMAHA, LOOK FORWARD TO EQUAL OPPORTUNITIES TO GAIN ACCESS TO THE AIRFIELD FROM THE NORTH.

MR. CHAIRMAN, I APPRECIATE THE ATTENTION THAT YOUR SUBCOMMITTEE HAS GIVEN THE NORTH FREEWAY PROJECT OVER THE YEARS. THE FACT THAT WE ARE TALKING ABOUT A PROJECT THAT IS APPROACHING COMPLETION INDICATES THAT YOU HAVE RECOGNIZED

THE IMPORTANT ROLE THAT THIS PROJECT HOLDS IN THE FUTURE DEVELOPMENT OF THE CITY, AND I KNOW THAT THE CITIZENS OF OMAHA ARE VERY GRATEFUL FOR YOUR INTEREST AND YOUR VALUABLE ASSISTANCE IN PUSHING THE PROJECT FORWARD. MY PRIMARY PURPOSE IN TESTIFYING TODAY IS TO URGE THAT YOU APPROVE FY 1988 FUNDING TO NOT ONLY CONTINUE WITH THE PROJECT, BUT TO COMPLETE IT.

MOST OF THE MAJOR WORK ON THE PROJECT HAS BEEN FINISHED ALREADY. APPROXIMATELY 1.1 MILES OF THE PROJECT ARE COMPLETED, LEAVING 3.6 MILES PARTIALLY COMPLETE. RIGHT-OF-WAY ACQUISITION IS DONE. THE DESIGN PLANS ARE FINISHED. MUCH OF THE CONSTRUCTION IS DONE. THREE SECTIONS REMAIN TO BE PAVED, AND THE SIGNALING, LIGHTING, AND LANDSCAPING NEED TO BE DONE TO FINISH THE PROJECT. JIM SUTTLE, DIRECTOR OF THE OMAHA DEPARTMENT OF PUBLIC WORKS, AND ROY HOGREFE, DIRECTOR THE NEBRASKA STATE DEPARTMENT OF ROADS, ARE HERE TODAY TO SPEAK IN GREATER DETAIL ABOUT THE VARIOUS COMPLETED AND NEARLY COMPLETED PORTIONS OF THE PROJECT, BUT THEY HAVE INFORMED ME THAT WE ARE WITHIN STRIKING DISTANCE OF FINISHING THE NORTH FREEWAY PROJECT SOON, AND I FEEL STRONGLY THAT WE SHOULD.

MR. CHAIRMAN, I REQUEST THAT THE FUNDS TO COMPLETE THE PROJECT, \$10,082,000, BE MADE AVAILABLE IN FY 1988 FROM INTERSTATE TRANSFER FUNDS. THIS AMOUNT INCLUDES \$4,628,000 FOR PAVING, LANDSCAPING, AND LIGHTING ON THE NORTH FREEWAY; \$4,285,000 FOR PAVING THE STORZ EXPRESSWAY; AND THE REMAINING \$1,169,000 FOR THE KENNEDY EXPRESSWAY RIGHT-OF-WAY. I WOULD EMPHASIZE THAT I AM NOT REQUESTING ADD-ON FUNDS TO INCREASE THE OVERALL COST OF THE PROJECT. I AM ONLY REQUESTING THAT THE FUNDS ORIGINALLY PROGRAMED TO BUILD THIS PROJECT BE MADE AVAILABLE IN THE COMING FISCAL YEAR SO

THAT WE CAN KEEP THE NORTH FREEWAY ON SCHEDULE FOR ITS 1988 COMPLETION AS PLANNED IN 1981.

THIS IS A MATTER THAT CONTINUES TO HOLD THE ATTENTION OF MY CONSTITUENTS IN OMAHA. PEOPLE CAN COME VERY CLOSE TO THE CONSTRUCTION SITE, LOOK PAST THE BARRIERS, AND SEE A NICE WIDE ROAD THAT THEY WOULD LIKE TO USE. OF COURSE THEY ARE SOMEWHAT CONCERNED BY THE FACT THAT PATCHES OF GRASS GROW ON THE NEW ROADBED WHERE SOLID PAVEMENT SHOULD BE. AND WHEN IT RAINS, MY CONSTITUENTS DON'T SEE A ROAD; THEY SEE A MESS. I LOOK FORWARD TO THE DAY WHEN THE CONSTRUCTION BARRIERS CAN BE TAKEN DOWN AND THE CITIZENS OF OMAHA CAN SEE THE NORTH FREEWAY CONCEPT BECOME A REALITY.

MR. CHAIRMAN, I THANK YOU ONCE AGAIN FOR THIS OPPORTUNITY TO EXPRESS MY VIEWS ON FINISHING THE NORTH FREEWAY PROJECT NEXT YEAR, AND I LOOK FORWARD TO WORKING WITH YOU AND THE OTHER MEMBERS OF THE SUBCOMMITTEE TO BRING THIS ABOUT. I WOULD LIKE TO SUBMIT TESTIMONY ON OTHER HIGHWAY ISSUES AFFECTING NEBRASKA INTERESTS, BUT IN THE INTEREST OF TIME I WILL SUBMIT THOSE IN WRITING FOR THE RECORD.

MR. CHAIRMAN, ON ANOTHER MATTER AFFECTING ROADS IN OMAHA, I WOULD LIKE TO STATE MY SUPPORT FOR THE REQUEST OF LOCAL OFFICIALS FOR INTERSTATE DISCRETIONARY 4-R FUNDS FOR CERTAIN STRETCHES OF INTERSTATE 80 IN THE CITY.

INTERSTATE 80 RECEIVES A TREMENDOUS AMOUNT OF USE IN OMAHA, AND AS SOMEONE WHO HAS A GREAT DEAL OF PERSONAL EXPERIENCE TRAVELLING THE OMAHA ROADWAYS, I CAN REPORT THAT CERTAIN PARTS OF THE ROAD ARE IN GREAT NEED OF REPAIR AND RECONSTRUCTION. OBVIOUSLY, INTERSTATE 80 IS VITAL NOT ONLY TO OMAHA BUT THE ENTIRE INTERSTATE HIGHWAY SYSTEM AS ONE OF

THE PRIMARY EAST-WEST ROUTES FOR PRIVATE USE AND COMMERCE IN THE COUNTRY.

THE NEED IS ESPECIALLY GREAT AT THE I-80 AND I-480 INTERCHANGE. IT IS ASTOUNDING TO NOTE THAT THIS STRETCH OF HIGHWAY IS PROBABLY THE ONLY SECTION OF I-80 ANYWHERE IN THE COUNTRY THAT NARROWS TO A SINGLE LANE IN BOTH DIRECTIONS. THE ROAD AND THE RAMPS LEADING TO IT ARE MARKEDLY INADEQUATE FOR THE TASK AND DRIVERS TRAVELLING THIS SECTION ARE SUBJECT TO SERIOUS DELAYS AND CONGESTION. THE USE OF THE ROAD HERE IS REMARKABLE.

STATE OFFICIALS REQUEST THAT \$49.1 MILLION IN 4-R DISCRETIONARY FUNDS BE EXPENDED OVER THE NEXT THREE YEARS FOR I-80, I-480 INTERCHANGE RECONSTRUCTION IN OMAHA. I FEEL IT IS IMPORTANT THAT THESE VERY HIGHLY TRAVELLED SECTIONS OF THE I-80 SYSTEM RECEIVE AN APPROPRIATE COMMITMENT OF FUNDS TO PUT THE ROADWAY INTO PROPER SHAPE FOR THE PURPOSE IT IS BEING USED FOR.

I APPRECIATE THE SUBCOMMITTEE'S KIND CONSIDERATION OF 4-R DISCRETIONARY FUNDS ON I-80, AND LOOK FORWARD TO DOING WHATEVER I CAN TO HELP SECURE THE FUNDING. THANK YOU MR. CHAIRMAN.

#### NEBRASKA DEPARTMENT OF ROADS

#### STATEMENT OF RAYMOND HOGREFE, DIRECTOR

Senator LAUTENBERG. Thank you, Senator Harkin. Unfortunately the time is running away from us. Your full written statements will be included in the records. And if there are a few words or so that you would like to give out we will be happy to receive them. But I do caution you that we are just out of time.

Mr. HOGREFE. Mr. Chairman, thank you. And just an opportunity to make one point.

We at the state level in Nebraska are committed to maintaining a high level of traffic service for the lifeline of commerce across the United States on Interstate 80. We are moving ahead with funding and have underway much of the pavement replacement where the pavements are worn out across the rural part of the state.



In the city of Omaha the interstate is entirely worn out, overloaded. The assistance with this interchange under the new I-4-R discretionary program would aid us greatly in maintaining our schedule for a 10-year commitment to the people of Nebraska to completely rebuild the interstate across the state, reconstruction in Omaha, pavement replacement across the rest of the state. This interchange is extremely important in the funding under the new discretionary funds 4-R to maintain that schedule.

Thank you.

Senator LAUTENBERG. Thank you.

Yes?

Mr. SUTTLE. On behalf of Mayor Simon and the Omaha City Council, I want to thank you for your interest and support over the last 6 years on this. And certainly I want to compliment the testimony of the three Senators who are supporting our Omaha-Council Bluffs transportation system.

Thank you.

Senator LAUTENBERG. Very nice. We thank you for being with us. Your statements will be in the record.

I was invited to Omaha just a couple of months ago and made a speech out there. It is a lovely city, nice state. We will try to do the best that we can for you.

Mr. SUTTLE. We will be glad to have you for the ribbon-cutting in the fall of 1988.

Senator LAUTENBERG. I may be busy that fall. [Laughter.]

Thank you very much.

[The statement follows:]

## NORTH OMAHA CORRIDOR FACT SHEET

NORTH FREEWAY AND STORZ EXPRESSWAY  
 OMAHA, NEBRASKA  
 APRIL-MAY 1987

• NORTH FREEWAY - STORZ EXPRESSWAY PURPOSE

- To complete the northern part of Omaha's Transportation System.
- To promote development in economically depressed North Omaha.
- To promote infilling in North and Northwest Omaha to balance area growth.
- To connect industrial employment centers, the MetroTechnical College Training Center, and North Omaha's high unemployment area.

• NORTH FREEWAY - STORZ EXPRESSWAY MILEAGE

- Completed - approximately 1.1 miles
- Partially completed - approximately 3.6 miles

• NORTH FREEWAY - STORZ EXPRESSWAY STATUS

- Right-of-way Acquisition - DONE
- Design plans - DONE
- Construction - SIX PROJECTS REMAIN (3 paving; signing; lighting; landscaping)

• WHAT IS NEEDED FROM CONGRESS?

- \$10.1 million in Interstate Transfer Funds.

• WHY SHOULD THE CONGRESS APPROPRIATE \$10.1m?

1. To keep the North Freeway-Storz Expressway on schedule for a 1988 completion. (This schedule was first set in 1981 and has generally been followed by the Congress with appropriations.)
2. To get this North Freeway-Storz Expressway FINISHED and off the Congressional appropriation request list.

James H. Suttle, P.E.  
 Director of Public  
 1819 Farnam Street  
 Omaha, NE 68183  
 (402) 444-5225

Raymond Hogrefe, P.E.  
 Director-State Engineer  
 Nebraska Department of Roads  
 P.O. Box 94759  
 Lincoln, NE 68509-4759  
 (402) 479-4615



## CITY OF DAVENPORT, IOWA

## STATEMENT OF THOMAS HART, MAYOR

Senator HARKIN. Mr. Chairman, I would like to introduce our next witness, Mayor Thomas Hart of Davenport, one of the Quad Cities in eastern Iowa. Tom is a long-time friend of mine. He served on the city council in Davenport. He served as a member of the county board of supervisors, and he has been mayor of Davenport since 1986. He is doing a tremendous job in leading the city. As you know—I don't need to tell you, Mr. Chairman—we have had some pretty tough economic times out in Iowa, and it is not easy being a mayor of a city where we have had a loss of a lot of jobs, from the John Deere Co., for example, and others, and different places due especially to the agricultural crisis. But Mayor Hart has really pulled the city together and has done a tremendous job of leading the city.

He will be testifying about the need for some federal funds for a feasibility study of an intermodal transportation transfer system in Davenport. And I just want to welcome Mayor Hart to this subcommittee.

Mr. Hart. Thank you, Senator.

Senator LAUTENBERG. Thank you very much, Senator Harkin. Mayor Hart, that's a nice welcome. Senator Harkin is a distinguished member of this subcommittee and the committee and a good friend. We share common interests in the well-being of our country, whether it's from New Jersey or from Iowa. We know that we are an interdependent society, and we take the words of Senator Harkin very seriously.

Mayor, we are going to invite you to give your testimony. Unfortunately, because of the time constraint, we would ask you to try to summarize it—we will turn on the clock here—to within a 5-minute presentation. Anything shorter than that will get you even more favorable consideration for your request. [Laughter.]

Mr. Hart. Thank you, Senator.

Senator LAUTENBERG. We will have your full statement in the record. I promise you that we will listen with interest.

Mr. HART. As a fellow politician, I am used to speaking in 15-second segments. So, I could do it as briefly as that, but I will take a few more than that.

As Senator Harkin has said, the Iowa-Illinois area that I represent known as the Quad Cities has been ravaged by the agricultural economy the last 7 years. We have seen double digit unemployment. As farm implement manufacturers shrink, many of them leave our community and all the socioeconomic problems that go with that.

What I am here for today is to ask for some money to study the feasibility of an intermodal transportation facility which we think would provide significant benefits to the city of Davenport and our whole quad city area in the larger eastern Iowa-western Illinois region.

The objectives of this project would be to establish a single facility for the transfer of bulk commodities, intermodal containers, other

materials between various modes of transportation, barge and rail, barge and truck, and rail and truck; and to capitalize on the area's location at the intersection of two major interstates, Interstate 80 and Interstate 74, and the Sioux Line, the Mississippi River and other railroads; and to establish Davenport really as a national and potentially international port on the Mississippi River. We are located midway—this metropolitan area of 400,000 located midway between St. Louis, Minneapolis-St. Paul, Chicago, and Omaha on Interstate 80.

In conclusion we see a tremendous opportunity with the development of such a facility, have been looking at it actually for the last 15 or 20 years with various stages of successes. Our area has experienced difficult economic conditions. Our economic base is being restructured. We see transportation as a very important strength already. And we want to enhance on that and build on that. And we would ask for your help in looking at this as the economic revitalization of our area.

Senator LAUTENBERG. Thank you very much.

Mr. HART. So, I think I am well within my 5 minutes.

Senator LAUTENBERG. You did very well. We'll have to try to be of help, Mayor.

One thing that we do know is that the cities deep in the heartland, the communities deep in the heartland of our country, do need as much help as they can get from the transportation network that crosses our nation. I was very interested to hear what you had to say not realizing that there is an opportunity for port facilities in the middle of an area that hopefully will continue to be much more involved in the export and the global marketplace than it has been. We will try not to inhibit in that in any way. I can promise you.

Mr. HART. Thank you.

Senator LAUTENBERG. And we listened with interest, and we will try as best we can to be of help, Mayor.

Mr. HART. Thank you so much.

Senator HARKIN. Mr. Chairman, if I can just ask a question of the mayor just for the record.

Senator LAUTENBERG. Please.

Senator HARKIN. Mayor Hart, what kind of transportation facilities do you have now? And how do you see the demand for this kind of a facility that you are describing?

Mr. HART. Actually, we have significant transportation facilities now. Most of the grain from at least the eastern half and perhaps the eastern two-thirds of the state comes through our area from rail to barge, often down to the port of New Orleans. So, we have significant rail. We have significant interstate with Interstates 74 and 80 intersecting in our area, and substantial truck, and of course, the barge traffic with the Mississippi River.

There has always been the demand for our products to go out. We are seeing an increasing demand for products to come in with the industries that are in our area. Honda has a warehouse that serves eight or nine states in our region, and are getting much more into container

shipping—John Deere, Alcoa, major manufacturers in our area that need raw materials.

So, we see the demand. We see an opportunity not only to supply Iowa and western Illinois, but even places as far away as Chicago.

Senator HARKIN. Mayor Hart, thank you very much.

Mr. HART. Thank you.

Senator LAUTENBERG. Thank you very much.

Senator HARKIN. Thank you, Mr. Chairman.

Senator LAUTENBERG. Thank you, Senator Harkin.

[The statement follows:]



## STATEMENT OF MAYOR THOMAS W. HART

Summary

The City of Davenport proposes to develop an intermodal transportation facility which would accommodate, in one location, transfers between barge and rail, barge and truck, and rail and truck. No single facility exists within the region to accommodate all such transfers of bulk commodities, intermodal containers, and other materials. (Furthermore, there are no facilities in the area to handle the container transfers.)

Davenport is ideally suited for such a facility - at the intersection of Interstates 80 and 74 and the Mississippi River. The Soo Line and other railroads also serve the area.

Alternate sites for such a facility have been identified and various development schemes have been proposed in recent years. Funding is requested for a review of the alternate sites and designs, the preparation of construction plans, and the implementation of the project.

Introduction

My name is Thomas W. Hart and I serve as Mayor of the City of Davenport, Iowa. Davenport is a city of 103,000 persons located on the eastern edge of the State of Iowa, on the banks of the Mississippi River. We are the largest community within the Quad-City metropolitan area which has a population of 400,000.

Thank you for this opportunity to present our proposed intermodal transportation facility which we believe would provide significant benefits to the City of Davenport, the metropolitan area, and the larger Eastern Iowa-Western Illinois region.

Objectives

The objectives of this project include:

- To establish a single facility for the transfer of bulk commodities, intermodal containers, and other materials between various modes of transportation.
- To provide transfers between:
  - barge and rail;
  - barge and truck; and
  - rail and truck.
- To capitalize on the area's location at the intersection of the Mississippi River, Interstates 80 and 74, and the Soo Line and other railroads.
- To establish Davenport as a national and international port.

As noted above, alternate sites have been identified for this facility. Two principal areas are being considered - one an older industrial area adjacent to our downtown and the other a large undeveloped area on the western edge of the city. The former would have the benefit of revitalizing the obsolete, largely vacant industrial area with spillover benefits for the entire downtown area. The latter would have the benefit of

opening up a new area with a boost to the extensive land available for commercial and industrial development.

The idea of upgrading our area's intermodal transfer facilities has been pursued for years, but generally in a piecemeal fashion. There are several barge terminals. Some have rail service. Railyards of course are designed to accommodate transfers to trucks, but there are no facilities to offload containerized materials within fifty miles of our area. Numerous container shipments originate from as far away as the Pacific Coast and pass through our city on rail, going on to the Chicago area, 150 miles to the east, where they are loaded on trucks for the return trip to our area.

Some parties have pursued a rail-truck container transfer facility. Others are talking about barge-rail facilities which could handle containers. To me it makes much more sense to combine these proposals in a single facility.

#### Alternate Sites and Facility Design

Davenport has nine miles of Mississippi River frontage. The physical features and existing development of these nine miles range from concrete seawalls to marshy backwaters, from multi-story buildings to isolated cottages, from heavy industrial uses to recreational boat harbors, and from golf course fairways to nearly pristine wildlife areas.

Within this wide variety, there are relatively few suitable sites for barge access. The reasons are varied and I won't detail them here. The point to be made is that only two general areas have been identified by nearly everyone as candidate locations. These are the older industrial area adjacent to downtown and the generally undeveloped area in the western end of the city near the Interstate 280 bridge over the Mississippi.

The choice between these two general sites has been a subject of considerable public discussion. Both areas have their advantages and disadvantages, their supporters and critics. A careful, thorough analysis of the alternates is needed to help us past this first step in the selection process. People have re-examined past studies, updated decade-old cost estimates, and reinterpreted prior conclusions. However, a fresh professional review of the possible locations and the choice of the best one are needed.

Concurrent with or immediately following this analysis, attention must be given to the design of the facility, which should incorporate the latest transportation technology. The designs of 1975 did not consider container shipping, for example.

The design phase would develop a layout for the chosen site and identify the specific development steps to be taken. The site would have to be acquired, cleared and prepared for construction. The riverfront development might include dredging and the construction of a slip and dock walls. Accessways, cranes and rail spurs would be designed. Necessary sewer, water and other services would be laid out. Areas for the private companies which would use the new facility would be planned. Obviously, these design features would be specific to the site and would determine the total investment needed to complete the project.

### Conclusion

We in the City of Davenport see tremendous opportunities with the development of this facility. Our area has experienced difficult economic conditions in recent years. Our economic base is being restructured. We are trying to build on our natural and man-made assets - including the excellent transportation network we have. This facility is a key to the integration of the several modes that make up this network. I ask your assistance with the pursuit of this project and the recovery and growth of our Davenport and Quad-City economy.

### LOUISIANA MISSISSIPPI RIVER BRIDGE AUTHORITY

#### STATEMENT OF THOMAS SHORT, EXECUTIVE DIRECTOR

#### ACCOMPANIED BY LOUIS B. PORTERIE, COUNSEL

Senator LAUTENBERG. Mr. Short.

Mr. SHORT. Mr. Chairman?

Dr. Johnston and Senator Breaux were supposed to have been here this morning, but their schedules got changed in some sort of way.

Senator LAUTENBERG. Yes; everything has been in a state of normal confusion here. We are all being pulled in many different directions.

So, we ask you please to give your testimony with the same admonition that we have given everybody else.

Mr. SHORT. Mr. Chairman and members of the committee, my name is Thomas Short. I am the executive director of the Mississippi River Bridge Authority. And I am here today to testify on behalf of Governor Edwin W. Edwards, the state of Louisiana, Department of Transportation and Development, and the Mississippi River Bridge Authority. I would wish to extend my appreciation to the subcommittee for allowing me to appear before you today to emphasize the importance of federal assistance for the mass transit portion of the Mississippi Bridge No. 2 to the Greater New Orleans Metropolitan Area.

A series of discussions between MRBA officials, two Louisiana governors, Governor Treen and Governor Edwards, the Louisiana Department of Transportation and Development, and the U.S. Department of Transportation and Urban Mass Transit Administration officials began in July 1976 and culminated on April 30, 1981, when the MRBA filed its formal application with the regional UMTA office in Fort Worth for approximately \$103 million in assistance to help fund the mass transit portion of the Mississippi River Bridge No. 2.

By April 28, 1983, UMTA had awarded a total of only \$31 million for construction of transit lanes for the main span portion of the bridge, and the first 2,600 feet from the main span toward the west bank side of the river. To this day, Louisiana has not received any additional federal assistance. This has placed the state in the difficult position of having to continue the total funding of this project.

I am appealing to you today for \$18.75 million which will allow us to complete this construction. The eligible match for federal match under present law and policy is \$18.75 million in federal funding. This would

total the federal assistance to about one-half of what we had originally applied for.

In the Highway Transit Bill for the 100th and 990th session of Congress, the House version of the bill, H.R. 2, contained language awarding the \$18.75 million to the Mississippi River Bridge Authority. The provision was eliminated in conference because of its mixed nature. However, the conference report contains language which strongly recommends federal assistance.

Construction for the bridge project is currently about 50 percent complete, and final construction is scheduled for completion in 1989 or 1990.

We now face the final phase of the construction of the transit lanes. Specifically what remains for Louisiana to construct and finance are the approach lanes illustrated on the photographs attached to Governor Edwards' letter, which we have submitted to you today for your convenience.

These photographs illustrate the portion of the bridge now constructed which UMTA funded, that portion highlighted in green. The portion which is state financed and constructed or which is under construction, but not now eligible for federal funding, is highlighted in pink, and the portion for which we are now seeking federal assistance, that portion is highlighted in yellow.

These yet to be constructed transit lanes stand alone as elevated segments, separate from the highway portions of the bridge, independently transporting bus traffic across the Mississippi River. A mass transit system in this area is essential to help alleviate the extremely heavy traffic crossing the Mississippi River. This is illustrated by the traffic statistics furnished by the International Bridge, Tunnel and Turnpike Association which indicate that the Mississippi River Bridge No. 1 has the highest per lane traffic count of any bridge in the country during a 24-hour period.

Because we have met continuous opposition from UMTA for funding the final phase of this project, we respectfully request your committee, Mr. Chairman, to include in its bill the funding language and amounts used in H.R. 2 to enable us to complete this critical mass transit system.

We would also like to enter into the record the following attachments: a letter from the Honorable Edwin W. Edwards, Governor of the state of Louisiana; excerpt of conference report to accompany H.R. 2, pages 236 to 237; letters from John A. Alario, Speaker of the Louisiana House of Representatives; a letter from Samuel B. Nunez, president of the Louisiana Senate; resolution from the Jefferson Parish Council; resolution from the council of the city of New Orleans; and the authorizing language of H.R. 2.

Again, thank you for this opportunity. I express my appreciation for your time and considerations.

Senator LAUTENBERG. Thank you very much, Mr. Short. I was struck by your comment about the volume of traffic.

Mr. SHORT. Yes, sir.

Senator LAUTENBERG. You say it is the heaviest traffic flow?

Mr. SHORT. Traffic per lane. Now, that does not mean we carry more traffic than other bridges, but we are only a four-lane bridge, and we are carrying 100,000 cars a day. Other bridges carry more traffic, but they may have 14 to 16 lanes.

Senator LAUTENBERG. They must screw those bumpers together and just get the first guy started. That is very heavy.

Mr. SHORT. We by far carry more traffic per lane—maybe as many as 5,000 per lane more than any other bridge.

Senator LAUTENBERG. Because coming from the area I do with the George Washington Bridge and the Verrazano Bridge, and both of those bridges will hold, seriously, the Tappan Zee Bridge. I did not know that you could fit more cars on there, but we take your word for it.

I am just curious about one thing, Mr. Short. You asked for roughly \$18.75 million. Would that be from the new start category?

Mr. SHORT. No, sir; it is not a new start job. This has been going on for quite some time. And we have already received \$31 million of which is shown on there in green on the photograph you have before us. It is not a new start. This was section 3, discretionary.

Senator LAUTENBERG. The administration apparently has opposed further funding for this project. Do you know why?

Mr. SHORT. Well, I believe they think that it is not cost effective compared with a number of other facilities around the country. However, we look at this as being—we do not think it is that far different than the others, number one.

But number two, this is a one-time only. There will probably never be another bridge in the city of New Orleans. And if we do not put these transit lanes in now, they will probably never get in. New Orleans is approaching the population of a half a million people on each side of the river, and forever more the transit lanes would then give us a transit link between the two sides of the river, which divides the city of New Orleans geographically right in half.

Senator LAUTENBERG. Thank you.

Mr. SHORT. Excuse me. We have our attorney here also. He would like to say a few words to you, sir.

Mr. PORTERIE. The project is not one that lends itself to the section 3 discretionary grants because when compared in the short term to other projects, the immediate traffic transit loads do not match some areas that are of a heavier metropolitan area. But since it is a one-time shot across the river—our bridge is 152 feet high—it is probably going to be here for 100 years. And there are about 750,000 people on each side of the river. And forever more those transit systems would be connected by that vital link between the two. Because of that when compared to some shorter term projects, the discretion of Mr. Stanley was that, well, it's tough and it would be easier. And it was his suggestion that it takes him out of the middle for it to be addressed as a specific designated appropriation by Congress.



And your House resolution bill of last year—and I may not have designated it right, but the one that didn't get passed at the end of the last session had it. It was then taken out in some committees, and this is an effort to reinsert that same language to specifically designate that project. And that is what Senator Johnston and Senator Breaux put the amendment on when he was in the House Transportation Committee.

And if there are further technical aspects of that that are necessary, we have local counsel, who is known to your staff, that will follow up on that with your staff, sir. I am sorry I talked so long.

Senator LAUTENBERG. That is all right. Thank you for the explanation and thank you for your testimony. Your full statement will be entered into the record.

[The statement follows:]



## STATEMENT OF THOMAS SHORT

Mr. Chairman Lautenberg, Honorable Committee members, my name is Thomas Short, Executive Director of the Mississippi River Bridge Authority, and I am here today to testify on behalf of Governor Edwin W. Edwards, the State of Louisiana Department of Transportation and Development and the Louisiana Mississippi River Bridge Authority. I wish to extend my appreciation to the Subcommittee for allowing me to appear before you today to emphasize the importance of federal assistance for the mass transit portion of the Mississippi River Bridge No. 2 to the Greater New Orleans Metropolitan area and the State of Louisiana.

A series of discussions between MRBA officials, two Louisiana governors (Treen & Edwards), the Louisiana Department of Transportation and Development, the U.S. Department of Transportation and Urban Mass Transit Administration officials began in July of 1976 and culminated on April 30, 1981 when the MRBA filed its formal application with the regional UMTA office in Fort Worth for approximately \$103.8 million in \$ 3 New Start assistance to help fund the mass transit portion of the Mississippi River Bridge No. 2. By April 28, 1983, UMTA had awarded a total of only \$31 million for construction of the transit lanes for the main span portion of the bridge and the first 2,600 feet from the main span towards the West Bank side of the River. To this day, Louisiana has not received any additional federal assistance. This has placed the state in the difficult position of having to continue the funding for this project. I am appealing to you today for \$18.75 million which will allow us to complete construction.

The eligible share for federal match under present law and policy is \$18.75 million in federal funding. This would total the federal assistance to about one-half of what we had originally

applied for. In the Highway Transit Bill for the 100th and 99th session of Congress, the House version of the bill, HR 2, contained language awarding the \$18.75 million to the Mississippi River Bridge Authority. The provision was eliminated in conference because of its mixed nature. However, the Conference Report contains language which strongly recommends federal assistance.

The construction for bridge project is currently about 50 percent complete with final construction scheduled for 1989-1990. We now face the final phases of the construction for the transit lanes. Specifically, what remains for Louisiana to construct and finance are the approach lanes, illustrated on the photographs attached to Governor Edwards' letter which we have submitted to you today for your convenience. These maps illustrate the portion of the bridge, now constructed, which UMTA funded (that portion highlighted in green), the portion which the state financed and constructed, or which is under construction, but not now eligible for federal funding (that portion highlighted in pink) and the portion for which we are now seeking federal assistance (that portion highlighted in yellow). These yet to be constructed transit lanes stand alone as elevated segments, separate from the highway portions of the bridge, independently transporting bus traffic across the Mississippi River. A mass transit system in this area is essential to help alleviate the extremely heavy traffic crossing the Mississippi River. This is illustrated by the fact that a recent survey concluded that the MRB No. 1 has the highest per lane traffic count of any bridge in the country during a twenty-four hour period.

Because we have met continuous opposition from UMTA for funding the final phase of this project, we respectfully request your Committee, Mr. Chairman, to include in its bill the funding language and amounts used in HR 2 to enable us to complete this critical mass transit system.

Again, thank you for this opportunity. I express my appreciation for your time and consideration.

- Attachment A: Letter from the Honorable Edwin W. Edwards, Governor of the State of Louisiana
- Attachment B: Excerpt of Conference Report (to accompany H.R. 2) pp. 236-237
- Attachment C: Letter from John A. Alario, Jr., Speaker of the Louisiana House of Representatives
- Attachment D: Letter from Samuel B. Nunez, Jr., President of the Louisiana Senate,
- Attachment E: Resolution from the Jefferson Parish Council
- Attachment F: Resolution from the Council of the City of New Orleans
- Attachment G: Authorizing Language of HR 2

Attachment A

Letter from the Honorable Edwin W. Edwards  
Governor of the State of Louisiana

April 20, 1987

Hon. William Lehman, Chairman  
House Appropriations Subcommittee on Transportation  
and Committee Members:

- Representative Gray
- Representative Carr
- Representative Durbin
- Representative Mrazek
- Representative Sabo
- Representative Coughlin.
- Representative Conte
- Representative Pursell
- Representative Wolf

Hon. Senator Lautenberg, Chairman  
Senate Appropriations Subcommittee on Transportation  
and Committee Members:

- Senator Chiles
- Senator Byrd
- Senator Stennis
- Senator Harkin
- Senator Cochran
- Senator Kasten
- Senator D'Amato

Gentlemen:

The annual session of the Louisiana legislature prevents my personal appearance before your Committees. I had the pleasure of serving as a member of the United States House of Representatives from this state for several years before I first became Governor of Louisiana in 1972. I mention this because I

am acutely aware of the importance of my being personally before you to indicate to you the importance of this matter to our state at this time. However, the extreme financial pressures on our state, highly oriented to the domestic oil industry, the related chemical industries, and farming - all of which, as you know, are in economic distress at this time - compels my presence in Louisiana at the State Capitol during our legislative session. That is why this letter is being delivered to you by a personal representative of my executive staff.

The Mississippi River at New Orleans, Louisiana is about a mile wide and nearly 200 feet deep and bisects the New Orleans Metropolitan population area. The current population is about 500,000 on each side of the River, and the projected future population is about 750,000 on each side of the River.

In the history of mankind, up until 1935, there was no bridge across the Mississippi River below Natchez, Mississippi. The first bridge across the River in the New Orleans area was completed about then and is known as the Huey P. Long Bridge, primarily a railroad bridge some twelve miles upstream from the New Orleans Central Business District, that has two highway lanes hung on it with lane widths that make it nearly impossible for two trucks of today's size to travel abreast on the bridge's two lanes in each direction. Most automobile motorists find it uncomfortable to be two abreast with a truck and hence most of the traffic on the Huey P. Long Bridge is single file. It does not lend itself to easy expansion.

In about 1958, the Greater New Orleans Bridge No. 1 was completed near the Central Business District; for the first time conveniently linking the metropolitan growth areas on both sides of the River. The considerable oceangoing navigation on the River up to the River ports of Baton Rouge, South Louisiana, the many chemical plants on the River, the Port of New Orleans, itself, and the major shipyard north of New Orleans, Avondale, mandated an 152 foot vertical clearance for the GNO No. 1 bridge. That bridge, completed in 1958, now carries the highest traffic count per lane of any bridge in the United States during a twenty-four hour period; higher than the Golden Gate Bridge, the Oakland Bridge, the Fifty-Ninth Street Bridge in New York, the Verrazano Narrows Bridge, and the George Washington Bridge. I emphasize the phrase "per lane".

When I first became elected governor in 1972, at the direction of the Federal Highway Administration and the Urban Mass Transportation Administration and the United States Coast Guard a study funded by UMTA was initiated by Executive Order over my signature, initiating a comprehensive, area-wide transportation study of which the main segment involved the erection, planning and financing of a new bridge to link the above described population areas, the Central Business District, and the vast oil-related manufacturing industries on the West Bank of the Mississippi River.

Twenty-two sites were studied. UMTA and the Intermodal Transportation Planning Team for Region VI of the United States Highway Department and UMTA, the Coast Guard, and other related federal agencies (EPA, etc.), strongly urged that the bridge which was ultimately selected to be a parallel, Greater New Orleans Bridge No. 2 in the immediate vicinity of the Central Business District, include on it exclusive transit lanes - for busses at first, but with ultimate, light rail capabilities. That study was 80% funded by UMTA funds and 20% state funded, and at UMTA's direction and guidance, and with UMTA leadership the exclusive transit lanes were included in this area-wide transpor-

tation link. The total cost of that bridge and its approaches, including the elevated West Bank Expressway which serves as a major approach, is over \$1 billion. The bridge project construction schedule is about 50% complete. The construction final completion is scheduled for 1989-1990.

It is unlikely that a third bridge can be constructed in the metropolitan area serving the New Orleans Central Business District, the focal point of the transit system of the whole Greater New Orleans area, for 50 to 100 years. Right-of-way problems may preclude another transit oriented Central Business District bridge ever being built in the future; therefore the compelling need for the exclusive transit lanes.

Designs by leading engineers provided exclusive transit lanes which are highlighted in yellow in an attached graphic, as completed, photographic artistic rendition of the project. The current actual construction of the entire project is only about 50% complete. New Orleans metropolitan area maps demonstrate that this exclusive transit lane link is vital to a transit system for the area that serves both banks of our City of New Orleans metropolitan area, the economic focal point for all of Louisiana. On the Central Business District, East Bank side of the River there are two exclusive transit up and down ramps that connect with the entire East Bank transit system. One is oriented to the foot of Canal Street and Poydras Streets at the River; the other is oriented to the Union Passenger Terminal right next to the major federal post office and major arteries connecting thereto near the Superdome and connecting busways.

The West Bank of the River, where many people reside and commute to the Central Business District and to which many businessmen commute from the CBD to important industry relations on the West Bank, has as a major approach to the new bridge an elevated West Bank Expressway of approximately 10 miles. This Expressway, connected as an extension of the exclusive transit lanes in the new bridge project, because of the crescent of the River and the express configuration in conformity with the River crescent, bisects every major artery for bus service now in place or planned in the future to cover the entire West Bank and the entire metropolitan area with a viable transit system.

Thus, this is an essential, vital link to a metropolitan area transit system, and that is why UMTA and its planners urged it to us and why we incorporated it into the new bridge project.

That urging was one of the major bases on which the financing of the project was undertaken with no other federal money for the highway portions - that is, all state monies for the project except what might be forthcoming from UMTA grants which were held out as an inducement in the direction of the planning to include the exclusive transit lanes.

That planning continued through my first four year term (1972-1976) and my second term (1976-1980) as the bridge construction was beginning. Our State Constitution does not provide more than two consecutive terms and so I was not Governor until re-elected for my current, third term in 1984.

During that period, the planning and financing of the bridge, which had been a major commitment of our two previous administrations, had proceeded, and a small portion of the transit-eligible portions of the bridge has been funded with UMTA grants totaling \$31 million.

Because of the inability to receive grants as construction contracts were let, and the eligibility for grants once they are

awarded, a large portion of the anticipated federal financing which we, in good faith, had relied upon receiving was not forthcoming.

We are now faced with final phases of the construction of the transit lanes. These transit lanes stand alone as segments elevated and separate from the highway portions and are not incorporated in other highway portions. The eligible share for federal match under present laws and policies is \$18.75 million of federal funds.

This amount now sought by the State of Louisiana and the \$31 million previously granted by UMTA to segments of the exclusive transit lanes comes to a total of only 1/2 of the total amount of UMTA funds for all of the transit lanes for which they were eligible and thus is still, if now given by congress, only 1/2 of what we had originally anticipated when UMTA lead us in that direction of including exclusive transit lanes in the New Bridge Project.

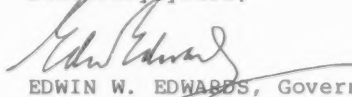
In your recent highway transit enactments over the President's veto, one of your Senate Committees recommended that the language that had been included in the original House version be eliminated from that legislation. However, there is attached a report from your Congressional Conference Committee, which strongly recommends federal assistance for this worthy project.

This letter is to strongly urge your consideration of the merit of this proposed amendment to your legislation.

If this amendment is adopted, it is a commitment to a forevermore area-wide transit system for the Greater New Orleans Metropolitan Area that is one of the major, fundamental policies of the Urban Mass Transportation Administration and your Department of Transportation. It is commensurate with well-established Congressional and administrative policies to encourage this important segment of national transportation, mass transit, forevermore in the Central Business District and the entire Greater New Orleans on both sides of the Mississippi River which so vitally bisects our economic and social life.

Your consideration and favorable action will be greatly appreciated by me, the legislature of the State of Louisiana, and the citizens of the State of Louisiana, and our entire Congressional Delegation representing them.

Sincerely yours,



EDWIN W. EDWARDS, Governor



## Attachment B

Excerpt of Conference Report  
(to accompany HR 2) pp. 236-237

100TH CONGRESS  
1st Session

HOUSE OF REPRESENTATIVES

REPORT  
100-27

SURFACE TRANSPORTATION AND UNIFORM RELOCATION  
ASSISTANCE ACT OF 1987

MARCH 17, 1987.—Ordered to be printed

Mr HOWARD, from the committee of conference,  
submitted the following

CONFERENCE REPORT

[To accompany H.R. 2]

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 2) to authorize funds for construction of highways, for highway safety programs, and for mass transportation programs, to expand and improve the relocation assistance program, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

SECTION 1. SHORT TITLE: TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the "Surface Transportation and Uniform Relocation Assistance Act of 1987".

(b) TABLE OF CONTENTS.—

Sec. 1. Short title, table of contents.

Sec. 2. Secretary defined.

TITLE I—FEDERAL-AID HIGHWAY ACT OF 1987

Sec. 101. Short title.

Sec. 102. Approval of interstate cost estimate and extension of interstate program.

Sec. 103. Approval of cost estimate and authorization of appropriations for interstate substitute projects.

Sec. 104. Authorization of appropriations for interstate system construction.

Sec. 105. Obligation ceiling.

Sec. 106. Authorization of appropriations.

Sec. 107. Federal-aid primary formula.

Sec. 108. Elimination of roadside obstacles.

Sec. 109. Emergency call boxes.

ceed in this manner, they are assured of being reimbursed an amount up to \$203 million plus interest, as provided for in Section 3(1) except that they need not apply to the Secretary, the Secretarial approval is not required.

The amended contract shall also provide that SCRTD may elect to construct MOS-2 under the general terms of Section 3(1) except that they need not apply to the Secretary nor receive Secretarial approval before carrying out such construction.

If the SCRTD proceeds under Section 3(1), which may be done without application to or approval of the Secretary, they shall be reimbursed with Section 3 funds, not later than September 30, 1992, a total of \$467.1 million plus interest, less amounts received in fiscal years 1988, 1989 and 1990. Not later than September 30, 1993, they shall be reimbursed a total of \$622.1 million plus interest, less amounts received in fiscal years 1988-1991, and not later than September 30, 1994, they shall be reimbursed a total of \$762.1 million plus interest, less amounts received in fiscal years 1988-1991.

If the Secretary does not publish a notice of completion of a supplemental environmental impact statement on or before September 30, 1988, each date in the preceding paragraph will be delayed one year. For each subsequent full year that the notice is delayed, each date will be delayed an additional year.

#### TRANSIT BRIDGE LANES PROJECT

##### *House bill*

This section would direct the Secretary to enter into a multi-year contract with the Mississippi River Bridge Authority of the Louisiana Department of Transportation and Development for funding to completion transit lanes on the Greater New Orleans Bridge No. 2. The contract shall include \$18,750,000 in fiscal year 1988. It is the Committee's intent that this section, in and of itself, does not provide contract authority in excess of the amounts specified in section 320(b), and further, that effective for fiscal year 1988, the obligation of funds is contingent upon their approval under Section 303 of this Act.

##### *Senate amendment*

No provision.

##### *Conference substitute*

No provision. The Conferees urge the Administrator of the Urban Mass Transportation Administration to provide funding to the Mississippi River Bridge Authority of the Louisiana Department of Transportation and Development in the amount of \$18.75 million in fiscal year 1988 to assist with completion of construction of the mass transit lanes on the Greater New Orleans Bridge Number 2. The Conferees note that UMTA has provided funds for transit lane construction on the Greater New Orleans Bridge Number 2 previously. Additional funds, however, have not been provided by UMTA for several years for transit lane construction on the bridge.

The Conferees call on the Administrator of UMTA to work with and cooperate with the Mississippi River Bridge Authority of the Louisiana Department of Transportation and Development in making the funds available to assist with completion of bridge transit lane construction.

The Conferees also urge that any funding provided for the Greater New Orleans Bridge Number 2 transit lane construction project not prejudice other applications for transit projects in Louisiana and the Greater New Orleans area which are pending or approved or which the Administrator of UMTA has committed to fund but has not yet released the funds.

#### INCREASED OPERATING ASSISTANCE DURING CONSTRUCTION OF INTERSTATE PROJECT

##### *House bill*

Section 326 allows the Fort Lauderdale and Miami, Florida, urbanized areas to exceed the amount of the Section 9 apportionments which they would otherwise be entitled to use for operating assistance by a total of \$4.4 million annually during those fiscal years in which onsite construction is being carried out on I-95 in Dade, Broward and Palm Beach Counties. This increased operating assistance may only be used to operate commuter rail service, the need for which will be enhanced during periods of construction on the Interstate segment.

##### *Senate amendment*

No provision.

##### *Conference substitute*

Substitute is the same as the House provision, except applicability of the provision is limited to fiscal years in which major construction is being carried out on I-95.

#### FEASIBILITY STUDY

##### *House bill*

This section authorizes the Secretary to make a grant to study the feasibility of constructing and operating an electric trolley bus line using technology being developed for the Santa Barbara transit system.

##### *Senate amendment*

No provision.

##### *Conference substitute*

Substitute is the same as the House provision.

#### FEASIBILITY STUDY—ABANDONED TROLLEY SERVICE

##### *House bill*

This section directs the Secretary to conduct a study, in cooperation with the City of Philadelphia, on the feasibility of restoring light rail trolley service to corridors on which that service had previously been provided but subsequently abandoned. The feasibility

Attachment C

Letter from John A. Alario, Jr.  
Speaker of the Louisiana House of Representatives

April 27, 1987

The Honorable William Lehman, Chairman  
House Subcommittee on Transportation  
and Related Agencies  
2347 Rayburn House Office Building  
Washington, D.C. 20515

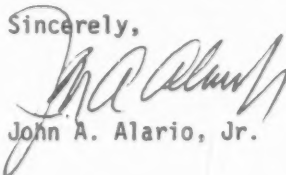
Dear Mr. Chairman:

As Speaker of the Louisiana House of Representatives, I wish to express to you my strong support for financial assistance to the Mississippi River Bridge Authority which will enable Louisiana to complete the mass transit portion of its construction of the Greater New Orleans Mississippi River Bridge No. 2.

Such request and assistance is in line with the application submitted April 30, 1981, to the Urban Mass Transportation Administration by the Louisiana Department of Transportation and Development, et al, for the Mississippi River Bridge Authority, and this country's policy on mass transportation. The heavy traffic congestion this area endures severely impacts the economic viability of the New Orleans Metropolitan area and Louisiana as a whole.

Your consideration and support is greatly appreciated.

Sincerely,

A handwritten signature in dark ink, appearing to read "John A. Alario, Jr.", is written over the typed name.

John A. Alario, Jr.

Attachment D

Letter from Samuel B. Nunez, Jr.  
President of the Louisiana Senate

The Honorable William Lehman, Chairman  
House Subcommittee on Transportation and  
Related Agencies  
2347 Rayburn House Office Building  
Washington, D.C. 20515

April 27, 1987

Re: Greater New Orleans Mississippi River  
Bridge No. 2, UMTA Funds

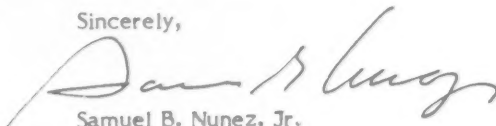
Dear Mr. Chairman:

As President of the Louisiana Senate, I wish to express to you my strong support for financial assistance to the Mississippi River Bridge Authority which will enable Louisiana to complete the mass transit portion of its construction of the Greater New Orleans Mississippi River Bridge No. 2.

Such request and assistance is in line with the application submitted April 30, 1981, to the Urban Mass Transportation Administration by the Louisiana Department of Transportation and Development, et al, for the Mississippi River Bridge Authority, and this country's policy on mass transportation. The heavy traffic congestion this area endures severely impacts the economic viability of the New Orleans Metropolitan area and Louisiana as a whole.

Your consideration and support is greatly appreciated.

Sincerely,

A handwritten signature in dark ink, appearing to read "Sam B. Nunez", written in a cursive style.

Samuel B. Nunez, Jr.

## Attachment E

## Resolution from the Jefferson Parish Council

On motion of Mr. Evans, seconded by Mr. Muniz, the following resolution was offered:

RESOLUTION NO. 59015

A resolution requesting the Congress of the United States to include grant funding in the federal appropriations bill specifically designated for use in the completion of exclusive transit lanes on the Greater New Orleans Mississippi River Bridge No. 2 being built and funded by the State of Louisiana with primarily state funds, the only federal portion thereof being previous grants by the Urban Mass Transportation Administration in accordance with the Area Transportation Study for the local of such transportation facility.

WHEREAS, the Parish of Jefferson, the City of New Orleans, the Regional Planning Commission, The Mississippi River Bridge Authority and the State of Louisiana all participated in an Area Transportation Study funded by the Urban Mass Transportation Administration of the State of Louisiana, commencing in the early 1970's, for the purpose of evaluating an area transportation system; and

WHEREAS, a major portion of that study was the location of proposed multi-modal highway and transit bridge across the Mississippi River in the vicinity of New Orleans connecting the Central Business District area of New Orleans and the other segments of the East Bank of New Orleans with the West Bank of the Mississippi River in the vicinity of New Orleans; and

WHEREAS, that study resulted in predictions that by 1995 there would be an approximate population level of 500,000 persons in the New Orleans area on the East Bank of the River and 500,000 persons on the West Bank of the River, and that future growth patterns were projected that in the next 20 years that would grow to 750,000 on each side of the River; and

WHEREAS, under the leadership of UMTA and its staff there was urged to be included as a part of the Central Business District final location of GNO No. 2 produced by the study exclusive transit lanes with terminals to ground level at the Union Passenger Terminal, a hub for the City of New Orleans transit system on the entire East Bank and connections thereto, and another up and down ramp at the River connecting to the intersection of Poydras Street and Canal Street at the River, another hub of the whole transit system on the East Bank of the River, and on across the bridge to the West Bank, tying into Orleans and Jefferson Parishes with approaches into Orleans Parish and its transit system and into Jefferson Parish via the elevated expressway which will accommodate busses to all major arteries serving the entire above reference population areas; and

WHEREAS, UMTA has only funded to date a portion thereof of \$31 million for which we are all grateful; and

WHEREAS, there are eligible sections of such exclusive transit lane portions of the project which received no funding whatsoever though they are exclusively for transit use, the remaining portions eligible for federal funding are complete and distinct and



separate from the highway portion of the bridge and the eligible UMTA portion thereof comes to \$18.75 million; and

WHEREAS, the entire project is being funded entirely by state funds except for this remaining transit portion and those UMTA funded amounts previously received:

THE JEFFERSON PARISH COUNCIL HEREBY RESOLVES;

SECTION I. That the Congressional Delegation of the State of Louisiana and the entire Congress and its Committees are hereby urged and requested to provide specifically designated appropriated funds for usage for the completion of the exclusive transit lanes portion of such project as originally studied by, urged to be, and perceived by the Urban Mass Transportation Administration of the United States of America.

The foregoing resolution having been submitted to a vote, the vote thereon was as follows:

YEAS: 6 NAYS: None ABSENT: (1) Hooper

The resolution was declared to be adopted on the 29th day of April, 1987.

#### Attachment F

#### Resolution from the Council of the City of New Orleans

#### PROCLAMATION

#### THE COUNCIL OF THE CITY OF NEW ORLEANS

CITY HALL: April 30, 1987

WHEREAS, the City of New Orleans, the Parish of Jefferson, the Regional Planning Commission, The Mississippi River Bridge Authority and the State of Louisiana all participated in an Area Transportation Study funded by the Urban Mass Transportation Administration of the State of Louisiana, commencing in the early 1970's, for the purpose of evaluating an area transportation system;

WHEREAS, a major portion of that study was the location of proposed multi-modal highway and transit bridge across the Mississippi River in the vicinity of New Orleans connecting the Central Business District area of New Orleans and the other segments of the East Bank of New Orleans with the West Bank of the Mississippi River in the vicinity of New Orleans; and

WHEREAS, that study resulted in predictions that by 1995 there would be an approximate population level of 500,000 persons in the New Orleans area on the East Bank of the River and 500,000 persons on the West Bank of the River, and that future growth patterns were projected that in the next 20 years that would grow to 750,000 on each side of the River; and

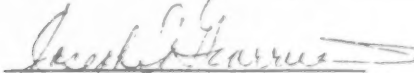
WHEREAS, under the leadership of UMTA and its staff there was urged to be included as a part of the Central Business District final location of GNO No. 2 produced by the study exclusive transit lanes with terminals to ground level at the Union Passenger Terminal, a hub for the City of New Orleans transit system on the entire East Bank and connections thereto, and another up and down ramp at the River connecting to the intersection of Poydras Street and Canal Street at the River, another hub of the whole transit system on the East Bank of the River, and on across the bridge to the West Bank, tying into Orleans and Jefferson Parishes with approaches into Orleans Parish and its transit system and into Jefferson Parish via the elevated expressway which will accommodate busses to all major arteries serving the entire above reference population areas; and

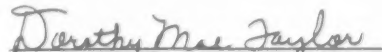
WHEREAS, UMTA has only funded to date a portion thereof of \$31 million for which we are all grateful; and

WHEREAS, There are eligible sections of such exclusive transit lane portions of the project which received no funding whatsoever though they are exclusively for transit use, the remaining portions eligible for federal funding are complete and distinct and separate from the highway portion of the bridge and the eligible UMTA portion thereof comes to \$18.75 million; and

WHEREAS, the entire project is being funded entirely by state funds except for this remaining transit portion and those UMTA funded amounts previously received; now therefore

BE IT PROCLAIMED BY THE COUNCIL OF THE CITY OF NEW ORLEANS, That the Congressional Delegation of the State of Louisiana and the entire Congress and its Committees are hereby urged and requested to provide specifically designated appropriated funds for usage for the completion of the exclusive transit lanes portion of such project as originally studied by, urged to be, and perceived by the Urban Mass Transportation Administration of the United States of America.

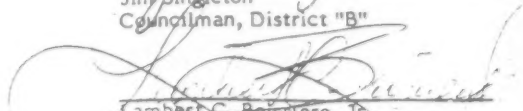
  
Joseph V. Giarrusso  
City Council President

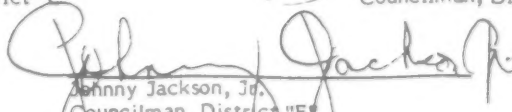
  
Dorothy Mae Taylor  
Councilwoman-at-Large

  
Peggy Wilson  
Councilman, District "A"

  
Jim Singleton  
Councilman, District "B"

  
Mike Early  
Councilman, District "C"

  
Lambert C. Boissiere, Jr.  
Councilman, District "D"

  
Johnny Jackson, Jr.  
Councilman, District "E"

## Attachment G

## Authorizing Language of HR 2

1 project record of decision and enter into a multi-year contract  
2 under section 3 of the Urban Mass Transportation Act of  
3 1964, as amended by this Act, with the Southern California  
4 Rapid Transit District to complete Minimum Operable Seg-  
5 ment-1 and to complete the locally preferred Minimum Oper-  
6 able Segment-2 alternative of the Downtown Los Angeles to  
7 the San Fernando Valley Metro Rail Project. Notwithstand-  
8 ing any other provision of law, such contract shall include at  
9 least \$110,000,000 in fiscal year 1987 and \$190,000,000 in  
10 each of fiscal years 1988, 1989, 1990, and 1991. Notwith-  
11 standing any other provision of law, the final environmental  
12 impact statement for Minimum Operable Segment-2 shall be  
13 completed, approved by the Secretary, and filed with the En-  
14 vironmental Protection Agency not later than July 31, 1987.

15 SEC. 325. MULTI-YEAR CONTRACT FOR TRANSIT BRIDGE  
16 LANES.

17 Notwithstanding any other provision of law, the Secre-  
18 tary shall enter into a multi-year contract under section 3 of  
19 the Urban Mass Transportation Act of 1964, as amended by  
20 this Act, with the Mississippi River Bridge Authority of the  
21 Louisiana Department of Transportation and Development to  
22 complete transit lanes on the Greater New Orleans Bridge  
23 No. 2. Notwithstanding any other provision of law, such con-  
24 tract shall include \$18,750,000 in fiscal year 1988.

## CONGRESSIONAL WITNESS

## STATEMENT OF HON. ALAN CRANSTON, U.S. SENATOR FROM CALIFORNIA

Senator LAUTENBERG. We are now being visited by our distinguished colleague from the state of California, Senator Cranston. Is Senator Wilson likely to be here? Senator Cranston, you are just a little bit early, which I respect and appreciate. We will invite you to go ahead and give your statement. And if Senator Wilson does not make it in the next few minutes, we will call him when he does arrive.

Is there someone else who is going to join you, Senator?

Senator CRANSTON. I do not know if Marvin Holen is here or not who is from Los Angeles.

Senator LAUTENBERG. Mr. Holen?

[No response.]

Senator CRANSTON. Senator Wilson was here yesterday as was I, but as you know, we had some difficulties on the Senate floor that prevented us from proceeding then.

Senator LAUTENBERG. I appreciate your intervention in adjourning the proceedings yesterday, Senator Cranston. As usual, all of us in the body look to your words with reverence, with respect, and with appreciation. And I am pleased to have you in front of this subcommittee this morning. I think this is the first time that we have had a chance to sit in this relative position at a committee hearing. And we welcome you and urge you to take whatever time you need to make your statement.

Senator CRANSTON. Thank you very, very much, Frank. I appreciate the opportunity to appear in this role before you in your role. And I appreciate your hard work on these matters.

I am delighted most of all to be here in support of a project vital to the mobility and economic vitality of Los Angeles-Metro Rail. Although I was unable to attend this morning's action, or yesterday's action, I would like to favorably mention the San Francisco Metropolitan Transportation Commission. They are here to discuss future transit needs in the San Francisco Bay area.

Senator Wilson has submitted testimony, and I urge members to look at it if he does not appear personally.

I am proud to report construction on the L.A. Metro Rail project is proceeding swiftly.

Let me begin by introducing one of the key members of the transportation community in Los Angeles who just arrived at my elbow, Margin L. Holen, chairman of the Metro Rail Committee of the Southern California Rapid Transit District Board. Other members of the transportation community were present yesterday, but they had to return to Los Angeles for a District Board meeting. They were Marcia Mednick, a citizen appointee to the L.A. County Transportation Commission; Jan Hall, the president of the SCRTD board of directors; and John Dyer, the general manager of that board. I would like to submit their written testimony along with that of Ray Remy, president of the Los Angeles Chamber of Commerce.

Senator LAUTENBERG. Without objection, it certainly will be entered in the record.

Senator CRANSTON. This morning I just want briefly, first of all, to ask your favorable consideration of \$192.1 million in section 3 funds to complete the construction of Metro Rail MOS-1 and to begin the construction on MOS-2. These two segments form a rail line which UMTA has said is the minimum length necessary to function as a cost-effective system. This request matches the ceiling established for Metro Rail in H.R. 2, and will allow the project to stay on schedule and under budget.

The Metro Rail project is a vital step in meeting the transportation needs of the burgeoning Los Angeles basin. In the next 15 years, its population is expected to increase by 2 million to 3.5 million people. It is as if every person in the city of Houston or Baltimore packed their bags and moved to Los Angeles.

As the area continues to grow, and the economy continues to grow, we simply must meet our citizens' needs to be able to travel to and from their jobs. Los Angeles is the center of the Pacific Rim market and economy. Public transportation in Los Angeles is the key to the future. To slow transportation in Los Angeles is to stifle economic growth, and to stifle economic growth in this major trade center is to harm economic growth in the entire nation and every state.

The Metro Rail project exceeds all thresholds of cost effectiveness, community support and nonfederal funding contributions, and clearly merits the subcommittee's continued support. For example, UMTA ranked Metro Rail the most cost effective new start project in the nation.

The voters in Los Angeles County approved Metro Rail as part of countywide rail system, and they taxed themselves, voting to do so, to match federal construction funds and to operate the system.

Metro Rail is the only line in the voter approved system of light and heavy rail lines and bus ways which Los Angeles has asked for federal assistance to help build.

At least 50 percent of Metro Rail's cost will come from nonfederal sources, more than twice the nonfederal match required under federal law. Frankly, I think Congress should reward the kind of state and local effort demonstrated in L.A. County at the very least by making sure that the federal government acts as a reliable partner. And I am confident it will.

Mr. Chairman, this subcommittee has been a friend of Metro Rail. This support has been demonstrated yearly in the appropriations process. I do not believe that this project would have proceeded to construction last year without this subcommittee's truly farsighted advocacy on behalf of mass transit generally in America. And I thank you for your efforts to improve the difficult situation facing Los Angeles and other communities.

For all of these reasons, I urge a fiscal year 1988 earmark of \$192.1 million for this vitally needed project. I know that with the continued



favorable attention of the subcommittee, Metro Rail will become a reality.

Frank, while I am here, I want to address very briefly another matter within the subcommittee's jurisdiction, one that I know you are very concerned about and for which you have made your responsibilities: air safety and the air traffic controller work force.

I think we have a major responsibility here that we must fulfill. Every one of our constituents who fly and every one of our constituents who do not fly but live anywhere near a major airport I think are in danger. I think we have to take steps to protect them.

In 1981 just prior to the Patco strike, there were more than 16,200 controllers, 80 percent of whom were qualified at full performance. Today there are only 15,000 controllers of whom only 70 percent are at the full performance level. The FAA plans to increase the number of air traffic controllers to only 15,225 by the end of fiscal 1987.

The budget resolution recently passed by the Senate froze the FAA budget at its 1987 level of approximately \$4.8 billion in total budget authority. I believe it was a mistake not to provide additional funding for the FAA in that budget resolution.

Mr. Chairman, an increase of only 225 air traffic controllers is simply not sufficient. In order to insure the safety of our system, we need to restore the controller work force back to the 1981 prestrike level of 16,200 controllers. To do this, we need to provide the necessary funding. Increasing the number of air traffic controllers to 16,200 would cost approximately \$45 million, but I am convinced it would be money very, very well spent on behalf of those whose lives and fortunes we represent.

As you know, the overall FAA budget, as I just stated, in the budget we just adopted was \$4.8 billion. We have the same figure in the House version of the budget, as I understand it. Therefore, we do not have much flexibility in the conference. And frankly, I regret that we did not find a way, when that issue was before us, to get this additional money into the FAA budget, but we did not.

So, we still have a way to proceed. Funding for the individual programs has not yet been determined within the \$4.8 billion figure. We can work that funding level to earmark additional funds for the air traffic controller work force. Of course, that means taking it from somewhere else, but I think that really must and should be done.

I sympathize with the difficult task that your subcommittee has. I know there are many legitimate and important programs competing for the same money. I do believe, however, that air safety is a matter of very high priority and as such, deserves priority funding. It is incumbent upon all of us to do all we can to improve the safety to the degree that is possible of those who travel by air in our country. And for whatever you can do on that, I particularly thank you.

Senator LAUTENBERG. Thank you, Senator Cranston. You are one of those people who understands very well that safe, efficient air travel in this society of a country this size is essential, safe above all. We have a



constant tug of war between those of us here who believe that is a primary responsibility and those here in Washington who represent the FAA and the administration view that things are pretty good.

And today, I do not know whether you heard that the FAA is looking into supporting the National Safety Transportation Board's recommendation that we reduce air travel in order to maintain the safety and security of the people who fly the airways. Instead of stepping up to the task at an earlier time, when you and I and others here argued that we need this work force to be brought up to snuff, we got all kinds of reasons of why it was OK, and that it was proceeding on schedule.

The fact of the matter is that, Senator Cranston, you were even slightly generous in your comment about the fact that 70 percent of the 15,000 controllers are full performance level. That would be about 10,000 people. We have 9,000. Before the strike in 1981, we had 13,000 full performance level controllers. The flight load across this country has almost doubled in that period of time. And we are having this ridiculous battle of words about whether or not we have to go ahead and populate those towers with people who have the skill and ability.

There are more and more and more near misses, and heaven forbid that one of these days those near misses turn out not to be a near miss, but a different kind of statistic which could shatter the confidence and the well-being of lots of our citizens and shatter the confidence in our system.

Senator Cranston, we listened with great interest to your appeal for funding for the L.A. mass transit system. I have driven there. I know there has got to be a better way. And we understand how important the whole of California and the metropolitan area of Los Angeles is to the well-being of this country.

You also, Senator Cranston, are one of those who understand the funding problems very well. It is hard for me honestly to understand how the arithmetic works when people suggest that we reduce the amount of funding available for such projects and then come in here and ask us to take care of their particular state or their particular district or their particular need. It just does not make sense. And I thank you for the forthrightness and honesty with which you always present your arguments in this U.S. Senate as a service to your constituents and to this country of ours.

[The statements follow:]

STATEMENT OF SENATOR CRANSTON

Mr. Chairman, I thank you for the opportunity to come before you in support of a project vital to the mobility and economic vitality of Los Angeles -- Metro Rail. Although I was unable to attend this morning's action, I would like to favorably mention the San Francisco Metropolitan Transportation Commission, who appeared before you to discuss some of the future transit needs in the San Francisco Bay Area.

Mr. Chairman, I am proud to report that construction on the Los Angeles Metro Rail Project is proceeding swiftly.

Let me begin by introducing one of the key members of the transportation community in Los Angeles: MARVIN L. HOLEN, Chairman of the Metro Rail Committee of the Southern California Rapid Transit District Board.

Senator Wilson and I are delighted to have him joining us this morning.

Unfortunately, other key members of the transportation community who were present yesterday to testify had to return to Los Angeles for a district board meeting. Those members are:

MARCIA MEDNICK -- a citizen appointee to the Los Angeles County Transportation Commission,

JAN HALL -- the President of the SCRTD Board of Directors, and

JOHN DYER -- the General Manager of the SCRTD.

If I may, Mr. Chairman, I would like to submit their written testimony, along with that of RAY REMY, President of the Los Angeles Chamber of Commerce.

Mr. Chairman, this morning I ask your favorable consideration of \$192.1 million in Section 3 funds to complete the

construction of Metro Rail MOS-1, and to begin the construction on MOS-2. These two segments form a rail line which UMTA has said is the minimum length necessary to function as a cost-effective system. This request matches the ceiling established for Metro Rail in H.R. 2, and will allow the project to stay on schedule and under budget.

The Metro Rail Project is a vital step in meeting the transportation needs of the burgeoning Los Angeles basin. In the next fifteen years, its population is expected to increase by 2 million to 3.5 million people -- it's as if every person in the city of Houston or Baltimore packed their bags and moved to Los Angeles.

As the area continues to grow, and the economy continues to grow, we simply must meet our citizens need to be able to travel to and from their jobs. Los Angeles is the center of the Pacific Rim market and economy. Public transportation in Los Angeles is the key to the future. To slow transportation in Los Angeles is to stifle economic growth -- and to stifle economic growth in this major trade center is to harm economic growth in the nation.

The Metro Rail Project exceeds all thresholds of cost-effectiveness, community support and non-federal funding contributions, and clearly merits the subcommittee's continued support. For example:

UMTA ranked Metro Rail the most cost-effective "New Start" project in the nation.

The voters in Los Angeles County approved Metro Rail as part of a county-wide rail system, and taxed themselves to match federal construction funds and to operate the system. Metro Rail is the only line in the voter-approved system of light and heavy rail lines and busways which Los Angeles has asked for federal assistance to help build.

At least 50% of Metro Rail's cost will come from non-federal sources -- more than twice the non-federal match required under federal law.

Frankly, I think Congress should reward the kind of state and local effort demonstrated in Los Angeles County -- at the very least by making sure that the federal government acts as a reliable partner.

Mr. Chairman, this Subcommittee has been a friend of Metro Rail. This support has been demonstrated yearly in the appropriations process. I do not believe that this project would have proceeded to construction last year without this subcommittee's truly farsighted advocacy on behalf of mass transit in America, and I thank you for your efforts to improve the difficult situation facing Los Angeles.

For all of these reasons, Mr. Chairman, I urge an FY 1988 earmark of \$192.1 million for this vitally needed project. I know that, with the continued favorable attention of the Subcommittee, Metro Rail will become a reality.

Mr. Chairman, while I am here I also want to address briefly another matter within this subcommittee's jurisdiction -- air safety and the air traffic controller workforce.

In 1981, just prior to the Patco strike, there were more than 16,200 controllers, 80% of whom were qualified at "full performance". Today, there are approximately 15,000 controllers of whom only 70% are at the full performance level. The FAA plans to increase the number of air traffic controllers to only 15,225 by the end of fiscal year 1987.

The budget resolution, recently passed by the Senate, froze the FAA budget at its 1987 level of approximately \$4.8 billion in total budget authority. I believe it was a mistake not to provide additional funding for the FAA.

Mr. Chairman, an increase of only 225 air traffic controllers is not sufficient. In order to insure the safety of our system, we need to restore the controller workforce back to its 1981 pre-strike level of 16,200 controllers. To do this we need to provide the necessary funding. Increasing the number of air traffic controllers to 16,200 would cost approximately \$45 million, but it would be money well spent.

I sympathize with the difficult task that this subcommittee has before it. There are many legitimate and important programs competing for the same funds. I do believe however, that air safety is a matter of priority and as such deserves priority funding. It is incumbent upon us to do all we can in order to improve and insure the safety of our traffic system.

This concludes my comments. Thank you.

## STATEMENT OF SENATOR PETE WILSON

MR. CHAIRMAN:

THANK YOU VERY MUCH FOR ALLOWING ME TO PRESENT MY TESTIMONY TO YOU THIS MORNING ON BEHALF OF LOS ANGELES METRO RAIL. AS SENATOR CRANSTON NOTED, BART WILL ALSO APPEAR BEFORE YOUR PANEL. MY PURPOSE HERE, HOWEVER, IS TO UNDERSCORE THE FACT THAT THE FUNDING LEVEL APPROVED BY THE CONGRESS FOR THE METRO RAIL PROJECT FOR FISCAL YEAR 1988 (FY88) WILL BE A BENCHMARK TO ENSURE A VIABLE AND STEADY STREAM OF FUNDS FOR THIS IMPORTANT PROJECT.

THE HIGHWAY BILL PASSED BY THE CONGRESS JUST A FEW WEEKS AGO CONTAINS A CAREFULLY BALANCED EARMARK FOR THE METRO RAIL SYSTEM WHICH ENSURES THAT LOS ANGELES WILL RECEIVE \$870 MILLION BY 1994 TO COMPLETE THE FIRST TWO PHASES OF THE PROJECT. THE FY88 APPROPRIATION LEVEL IS CRITICAL BECAUSE A HIGH LEVEL OF FUNDING FOR METRO RAIL NOW WOULD PRECLUDE THE NECESSITY OF A "BALLOON PAYMENT" LATER, AND WOULD HELP PROVIDE A STEADY STREAM OF CAPITAL FUNDS FOR THE PROJECT-- A NECESSARY INGREDIENT IN ANY LARGE CONSTRUCTION PROJECT OF THIS TYPE. THE FUNDING LEVEL REQUESTED BY METRO RAIL, \$192.1 MILLION, MATCHES THE CEILING ESTABLISHED FOR THE PROJECT IN H.R. 2, THUS KEEPING THE APPROPRIATION WITHIN BUDGET LIMITS.

WHILE THE MERITS OF THE L.A. SYSTEM HAVE BEEN HASHED AND REHASHED ON BOTH THE SENATE AND HOUSE FLOORS, LET ME TAKE JUST A SECOND TO REMIND THE SUBCOMMITTEE OF THE PROJECT'S IMPORTANCE.

IT IS CLEAR THAT LOS ANGELES MUST BUILD AN EFFICIENT AND CLEAN MASS TRANSIT SYSTEM NOW. ALTHOUGH L.A. HAS THE MOST ADVANCED FREEWAY SYSTEM IN THE WORLD, ITS CURRENT SURFACE TRANSPORTATION SYSTEM IS ALMOST UNWORKABLE. ITS POPULATION OF 10 MILLION PEOPLE, A POPULATION GREATER THAN THAT OF 41 STATES, WILL



GROW BY AT LEAST TWO MILLION MORE PEOPLE BY THE YEAR 2000. AND IT IS APPARENT THAT THE PEOPLE OF LOS ANGELES WANT THIS SYSTEM TO BECOME A REALITY-- THEY VOTED IN 1980 TO TAX THEMSELVES TO MATCH FEDERAL FUNDS FOR ITS CONSTRUCTION.

WHILE THE ADMINISTRATION'S VETO MESSAGE OF THE HIGHWAY BILL ARGUED THAT THE LEGISLATION CONTAINED "EXCESSIVE SPENDING" FOR THE LOS ANGELES SYSTEM, THE URBAN MASS TRANSIT ADMINISTRATION HAS STATED PUBLICLY THAT METRORAIL IS THE MOST EFFECTIVE NEW START RAIL PROJECT IN THE COUNTRY. WE ALL KNOW THAT THIS ADMINISTRATION IS OPPOSED TO FEDERAL FUNDING FOR NEW MASS TRANSIT PROJECTS. HOWEVER, EACH YEAR THE CONGRESS REJECTS THE ADMINISTRATION'S ATTEMPTS TO CUT DRASTICALLY FEDERAL SUPPORT FOR MASS TRANSIT, AND THIS YEAR WILL BE NO DIFFERENT. IF THE FEDERAL GOVERNMENT CONTINUES TO PROVIDE FINANCIAL HELP TO COMMUNITIES WHICH NEED TO BUILD MASS TRANSIT SYSTEMS, IT SEEMS CLEAR TO ME THAT IT SHOULD DO SO ON MERIT. L.A.'S METRORAIL HAS BEEN IDENTIFIED UNDER THE ADMINISTRATION'S QUANTITATIVE CRITERIA AS BEING MORE MERITORIOUS THAN ANY OTHER NEW START PROJECT.

CLEARLY, GIVEN OUR CURRENT FEDERAL BUDGET DEFICITS, ANY LOCAL COMMUNITY WHICH WANTS TO BUILD A MASS TRANSIT SYSTEM SHOULD BE FORCED TO DEMONSTRATE ITS ABILITY TO RAISE LOCAL FUNDS TO MATCH THE FEDERAL COMMITMENT. RESIDENTS OF LOS ANGELES VOTED IN 1980 TO INCREASE THE COUNTY'S SALES TAX BY A HALF-CENT TO MATCH FEDERAL FUNDS FOR METRORAIL'S CONSTRUCTION. LOS ANGELES IS CONTRIBUTING TWICE THE LEVEL OF LOCAL FINANCIAL SUPPORT MANDATED BY FEDERAL LAW. LOS ANGELES HAS DEMONSTRATED ITS COMMITMENT TO PRODUCE A MASS TRANSIT SYSTEM, AND THE COMMUNITY DESERVES RECOGNITION DEMONSTRATED BY A STEADY FLOW OF FEDERAL FUNDS.

INDEED, THIS GUARANTEE OF A STEADY FUNDING STREAM IS THE MOST IMPORTANT REASON FOR THIS SUBCOMMITTEE TO FULLY FUND THE METRORAIL REQUEST. BUILDING A MASS TRANSIT SYSTEM IS A LONG-TERM

PROPOSITION. AS ANY MAYOR WILL TELL YOU, LOCAL CAPITAL BUDGETS MUST BE PROTECTED FROM FITS AND STARTS, IRREGULAR FUNDING FLOWS, AND UNPREDICTABLE SOURCES OF INCOME. THE FEDERAL GOVERNMENT HAS THE RESPONSIBILITY TO ENSURE THAT LOCAL PROJECTS WHICH USE FEDERAL FUNDS ARE NOT HALTED IN MID-STREAM.

CONSTRUCTING METRO RAIL IS AN ENVIRONMENTALLY AND ECONOMICALLY SOUND PUBLIC POLICY. LOS ANGELES PROVIDES TWICE AS MUCH NON-FEDERAL FUNDING AS THE LAW REQUIRES, AND THE PROJECT COMMANDS OVERWHELMING LOCAL, STATE, AND PRIVATE SUPPORT. IN AN ERA OF SHRINKING DOMESTIC BUDGETS, THE FEDERAL GOVERNMENT MUST GUARANTEE THAT FUNDING FOR LOCAL PRIORITIES IS OFFERED IN AS STEADY AND PREDICTABLE MANNER AS POSSIBLE. FOR THESE REASONS, I URGE THE SUBCOMMITTEE TO FULLY FUND THE METRO RAIL REQUEST.

STATEMENT OF MARCIA MEDNICK, COMMISSIONER, LOS ANGELES COUNTY  
TRANSPORTATION COMMISSION

Mr. Chairman and Members of the Subcommittee:

Good morning. My name is Marcia Mednick, Commissioner with the Los Angeles County Transportation Commission. The Commission coordinates and establishes transportation policy and priorities for the County of Los Angeles through the allocation of federal, state and local funds.

I am here representing the Commission to reiterate our strong support for continued funding of federal highway and transit programs and, in particular, for the continuation of the federal partnership with Los Angeles County for the construction of the Los Angeles Metro Rail project. In my testimony today, I would like to discuss the importance of federal funding for transportation programs and also, briefly, bring you up to date on the progress we have made in meeting the transportation needs of Southern California through a combination of federal and local resources.

The Local Commitment

In 1980, the voters of Los Angeles County made a commitment to the future by passing proposition A, the 1/2 percent sales tax increase dedicated to financing local transit programs, including the construction of a county rail system. The sales tax has helped the county keep bus fares at a reasonable level, funded local transit and paratransit programs in many of our 84 cities, and paid for the initial construction efforts on the county rail rapid transit system. The tax generates more than \$300 million a year and is a clear indication of support from the citizens of Los Angeles for building the rail system and improving other transit services.

In addition, the Los Angeles area business community has worked extensively with local government and transit agencies to support transportation programs. Through benefit assessment districts, local businesses will contribute directly to the Metro Rail project.

Although Los Angeles County has taken the lead in generating local financial support for transportation programs, local funds alone can not fully meet this area's current and future highway and transit needs. In recent years, federal transportation programs have experienced significant funding cuts and, as a result, local authorities and private enterprise have assumed a greater role in funding transportation programs. However, a strong funding commitment from the federal government is vital to maintain and improve our highway system and to provide dependable transit services.

Federal Highway and Transit Funding

In regard to the federal government's funding commitment to transportation, I would like to briefly share the Commission's position on the level of funding needed for highway and transit programs in FY 1988. The Commission urges the subcommittee to appropriate the authorized amount of \$12.35 billion for the highway obligation ceiling in FY 1988. While that level of funding will only partially meet the highway, street and road needs across the nation, we believe it is the minimum amount acceptable to fund these necessary programs.

The LACTC requests that the Urban Mass Transportation Administration (UMTA) Section 9 program be funded at the authorized level of \$2 billion for FY 1988. When coupled with the funding generated by our local sales tax earmarked for transit programs, the UMTA Section 9 monies will allow the 13 transit operators in Los Angeles County to maintain existing service to the public.

#### Metro Rail

As we have indicated to this subcommittee on previous occasions, in Los Angeles County the bus system alone cannot meet the transit demands of a rapidly growing population. Through enactment of the Proposition A sales tax, Los Angeles County voters committed local funds for the construction of a 150-mile county wide rail system. The Commission is seeking federal funds to help complete only one rail line in this system - the Metro Rail project.

The first 4-miles of the Metro Rail line, 50 percent funded by the federal government and 50 percent funded by the state and local governments, is already under construction. And, as you know, the reauthorization legislation recently passed by Congress, earmarked Section 3 funds for completion of this first segment and construction of the second 4-mile leg of the project.

The Metro Rail line will be the most heavily used portion of the Los Angeles County rail system, with estimates indicating the line will carry over 300,000 passengers daily. This line, which will be linked to light rail lines currently under construction and others now being studied, will be the backbone of the 150-mile system.

H.R. 2 authorized up to \$192.1 million of Section 3 funds for the Los Angeles Metro Rail project in FY 1988. The Commission believes that level of funding would enable us to quickly complete a rail system which will serve our current population and the estimated 3 million more people expected to move to our area by the year 2000. Nevertheless, we are also aware that this year the subcommittee will be appropriating transit program funds under significant budget constraints. The Commission appreciates the subcommittee's past support in this effort, and we look forward to maintaining our funding partnership on the Los Angeles Metro Rail project in FY 1988.

#### Progress on Los Angeles County Multi-Modal Transportation System

Finally, I would like to spend a few moments bringing the subcommittee up to date on other transportation projects in Los Angeles County, including the construction progress of two lines in our 150-mile rail rapid transit system. The Long Beach-Los Angeles rail transit project, a 22-mile rail line connecting the two largest cities in the county, is under construction and is being funded entirely with locally generated funds. The line, which is scheduled for completion in 1990, will carry an estimated 35,000 daily passengers.

The Century Freeway/Transitway also continues in various stages of construction. The original 17.5-mile rail line was recently extended by the Commission to include a 3-mile spur from the end of the new freeway, south to serve a major employment center in the City of El Segundo. The century rail line will connect with the Long Beach-Los Angeles line and is expected to carry 65,000 passengers daily when it opens in 1993, and over 100,000 riders daily by the year 2000. The freeway/transitway will consist of

six lanes for general traffic, two lanes for carpools and buses and the rail line in the center. The freeway is being built with federal funds; the rail line is being constructed with the local 1/2 cent sales tax.

The Commission has recently contracted for the purchase of 54 rail cars to be used on these two lines now under construction. Additional rail lines throughout the county are currently under study, and, eventually, other cities will be linked into the system.

In addition, the Commission is completing work on our highway plan for the county, "On the Road to the Year 2000." This innovative and cost-effective plan proposes to make better use of our existing freeways, streets and roads through systematic maintenance, operational improvements and new technological advances in traffic control. The Commission hopes to implement a pilot project, employing many of the techniques proposed by the plan, within the next three years. The area business organizations, with which we have worked on the rail rapid transit system, will also participate in a review of the LACTC highway plan before the proposal's final adoption this summer.

It should further be noted that part of our 1/2 sales tax revenues continue to fund nearly 400 projects in cities throughout the county. These projects include dial-a-ride services for the elderly and disabled, shuttle buses, park-and-ride lots, local fixed-route bus services, and bus fare subsidy programs.

The Los Angeles County rail rapid transit system will complement these highway and transit projects and the regional bus service provided by the Southern California Rapid Transit District. It will also provide a much needed alternative mode of travel for our citizens and help to create a truly multi-modal transportation system in Los Angeles County.

### Conclusion

In summary, the Los Angeles County Transportation Commission remains committed to improving and enhancing transportation for our citizens in the most cost-effective manner possible. I urge the subcommittee to ensure continued federal funding for vital transportation programs throughout the country and to maintain the federal funding partnership with Los Angeles County by supporting the Los Angeles Metro Rail project.

Thank you, Mr. Chairman, for giving me this opportunity to share with you and the subcommittee the work and position of the Los Angeles County Transportation Commission.

STATEMENT OF JAN HALL, PRESIDENT, BOARD OF DIRECTORS, SOUTHERN  
CALIFORNIA RAPID TRANSIT DISTRICT

Good Morning. My name is Jan Hall and I am President of the Board of Directors of the Southern California Rapid Transit District (SCRTD).

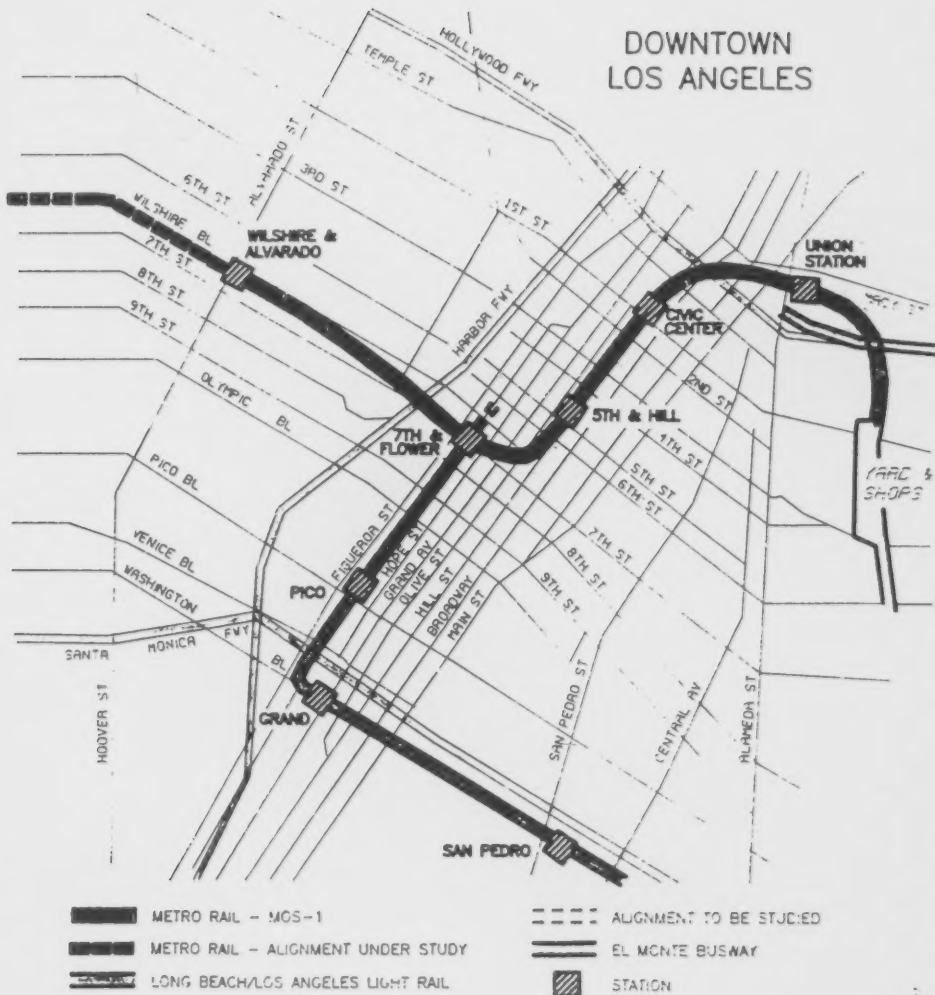
I am very pleased to appear before this Subcommittee and state that on September 29, 1986 the SCRTD began construction of the Metro Rail Project in Los Angeles. I do not believe that this project would have proceeded to construction without the very able leadership demonstrated by the members of this subcommittee. Thank you once again for all of the assistance that you have given to the SCRTD in fulfilling its mandate to bring rail rapid transit to Los Angeles County.

METRO RAIL MINIMUM OPERABLE SEGMENT-1

The first phase of Metro Rail, now under construction, is known as Minimum Operable Segment-1 (MOS-1). This initial segment includes 4.4 miles of subway tunnel with five stations, as well as the train storage yards, maintenance shops and all systems elements for the full operation of Metro Rail. The SCRTD anticipates opening MOS-1 to revenue service in April, 1992, with a direct connection to the Long Beach/Los Angeles Light Rail Line at the Seventh and Flower Station.

Proceeding swiftly, MOS-1 construction is both on schedule and under budget. By the end of this federal fiscal year, the SCRTD will have obligated more than \$700 million towards completion of the \$1.249 billion project. The more than \$150 million in construction contracts awarded to date are \$30 million under budget. As an example, the SCRTD awarded the first major





tunneling contract for MOS-1 for the low bid of \$26 million, \$12 million below the engineer's estimate of \$38 million.

#### CONGRESSIONALLY ORDERED RE-ENGINEERING STUDY

The Fiscal Year (FY) 1986 continuing resolution contained a provision which required the SCRTD to re-align and re-engineer the middle portion of the Metro Rail route, several miles to the west of MOS-1, to avoid underground concentrations of methane gas in the Beverly/Fairfax area of Los Angeles. The District has

fulfilled this Congressional mandate after an extensive public comment process known as the Congressionally Ordered Re-engineering (CORE) Study. The CORE process included more than 100 representatives from community groups, the City of Los Angeles, chambers of commerce, the Sierra Club, hospitals, schools and the offices of elected officials.

These individuals, representing tens of thousands of Los Angeles residents and businesses, participated in a series of in-depth sessions to determine a revised alignment which would generate the highest possible benefit to the citizens of Los Angeles, yet avoid the methane area. On April 15, 1987, the Los Angeles City Council formally approved a re-alignment which incorporates the findings of the CORE group. The SCRTD Board of Directors formally adopted the re-alignment on April 30, 1987, a major step required to complete the Environmental Impact Report required by California law.

Normally, the SCRTD would draft the Federal Supplemental Environmental Impact Statement (SEIS) and hold the required public hearings in concert with the state report. Unfortunately, the Urban Mass Transportation Administration (UMTA) declined to participate in the preparation of the SEIS when requested to do so by the SCRTD in December, 1986. Statutory language included in H.R. 2, the Surface Transportation and Uniform Relocation Assistance Act of 1987, required UMTA to begin the preparation of the SEIS for MOS-2 by April 12, 1987. So far, UMTA has declined to respond to the SCRTD's formal request that UMTA abide by the law and publish the necessary "Notice of Intent to Prepare a SEIS" in the Federal Register.

THE REVISED METRO RAIL ALIGNMENT

Under the re-alignment, Metro Rail will proceed west in subway, under Wilshire Boulevard from Alvarado Street (the terminus of MOS-1) to Western Avenue. This section of the alignment will serve the Miracle Mile business district of Wilshire Boulevard, as well as the Westlake residential area. Westlake has residential densities exceeding 25,000 inhabitants per square mile, the highest in Los Angeles. West of the Wilshire and Western station, the alignment will be further studied.

Approximately one and one-half miles west of MOS-1, the system will branch north at the Vermont station, transitioning to an aerial configuration between Third and First Streets. The alignment continues north, making a westward turn at Sunset Boulevard. The system then continues west along Sunset, transitioning to a subway configuration between Argyle Avenue and Gower Streets. From that point, Metro Rail will continue in subway through Hollywood, and then under the Santa Monica Mountains to the San Fernando Valley.

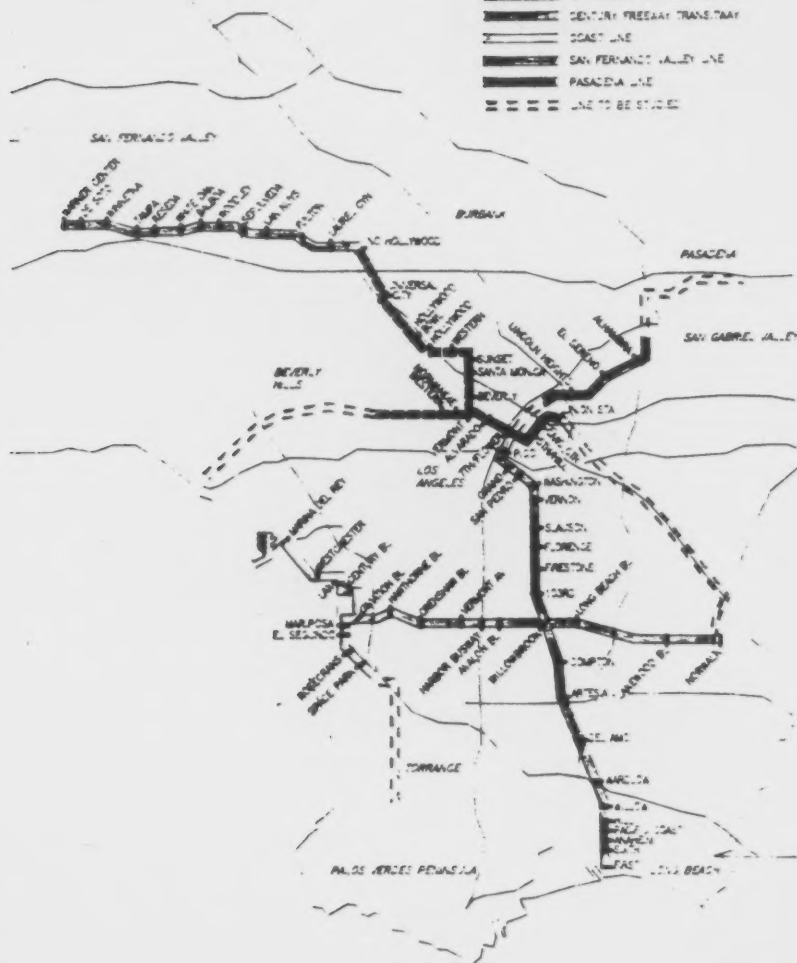
In addition to directly serving the Central Business District, and the Miracle Mile business district, Metro Rail will directly serve the Los Angeles City College complex, the Hollywood Medical Center, Children's Hospital, Barnsdall Park, Kaiser Permanente Hospital, the landmark movie theaters in Hollywood and Universal Studios in the San Fernando Valley.

The system will be 19.7 miles in length, and includes 20 stations. The revised alignment, including MOS-1, will cost \$2.721 billion to construct in December, 1985 dollars. By the year 2000, the system will carry more than 344,000 passengers.

# LOS ANGELES COUNTY RAIL TRANSIT SYSTEM

## LEGEND

- METRO RAIL - MOS-1
- METRO RAIL - ALIGNMENT UNDER STUDY
- LONG BEACH LOS ANGELES LINE
- CENTURY FREEWAY TRANSITWAY
- COAST LINE
- SAN FERNANDO VALLEY LINE
- PASADENA LINE
- LINE TO BE STUDIED



During the preparation of the SEIS, which will formally complete the re-engineering process required by Federal law, the SCRTD will select the next operable segment of Metro Rail to be funded and constructed. This operable segment will be known as Minimum Operable Segment-2 (MOS-2). Under the terms of H.R. 2, UMTA must complete the SEIS by September 2, 1987.

H.R. 2 provides a ceiling on Metro Rail expenditures of \$300 million for the combined Fiscal Years 1987 and 1988. The

Congress appropriated \$107.9 million for MOS-1 in FY 1987, leaving a remainder of \$192.1 million. Of this amount, \$95.1 million is needed immediately to complete the Federal share of MOS-1 anticipated under the terms of the full-funding contract signed by the UMTA on August 27, 1986.

An additional \$97 million is needed to complete design and right-of-way acquisition for MOS-2, and to start construction. Therefore, the SCRTD requests \$192.1 million in FY 1988 Section 3 funds -- \$95.1 million for MOS-1 and the remaining \$97 million for MOS-2.

Many will regard this request as unreasonably high during a period of Gramm/Rudman/Hollings deficit reduction. The SCRTD has made the only funding request which will allow the District to complete final design and move to the construction of MOS-2 without demobilizing after MOS-1 is completed. If funding constraints prohibit the subcommittee from meeting this request, the provisions of H.R. 2 allow the SCRTD to advance non-Federal funds with the assurance of eventual reimbursement with Federal funds.

The District may be able to identify \$42.1 million in non-Federal funds which could be applied towards the Federal share of MOS-2 in FY 1988 with the anticipation of future reimbursement with Section 3 funds. In effect, the SCRTD's action would parallel the Letter of No Prejudice funding process successfully used by the Metropolitan Atlanta Rapid Transit Authority (MARTA) to construct its rail system. The SCRTD would like to reach a similar understanding with the subcommittee which will allow the timely and cost-effective completion of Metro Rail.

Thank you for the opportunity to appear before you today. I will be happy to answer any questions that you may have.



## METRO RAIL COMMITTEE

## STATEMENT OF MARGIN L. HOLEN, CHAIRMAN

Senator LAUTENBERG. Mr. Holen, if you do have a statement, we will take orally in a very brief couple of minutes. Anything that you want to prepare for the record will be filed fully in the record. We are dealing with precious little time, and we have lots of people waiting. So, Mr. Holen, we invite you. If you have a couple of words—the fewer the better—the better the case becomes as the volume of verbosity reduces, including the chairman's.

Mr. HOLEN. Thank you, Senator. I think a minute to a minute and a half would be more than ample for the comments that I have to make.

And like you, we in California are very, very proud of Senator Alan Cranston.

The Senator noted my name is Margin L. Holen. I am a citizen appointee to the board of directors of the Southern California Rapid Transit District, and for some years I have been chairman of the Metro Rail committee of the board of directors.

Just by way of a very brief report to the committee on the status of the Metro Rail project. I would like to note for the committee that we had a ground-breaking for that project on September 29 of last year. We have continued our engineering. We are digging, and we are procuring, just as we should be and just as the committee expects. And to tell you this, we are on schedule.

We will have \$7 million of contracts let by the end of the current federal fiscal year. We will have \$480 million in contracts let by the end of the RTD's current fiscal year, which is June 30 of this year. We have at this date let approximately \$150 million in contracts, and we are \$30 million under budget on that \$150 million in contracts.

We would be over-optimistic, I believe, to expect that the rest of the project will remain 20 percent under budget. But at least we are in a right direction, and we expect to bring the project in under budget and be a matter of pride to this committee and to the Senate of the United States for having supported a project that is brought in on schedule and under budget.

I cannot add anything more to what Senator Cranston has said. I give you that very brief status and would be prepared to answer any questions that the committee may have. But we will come back and we will continue to give you very brief reports because, after all, you are our senior partner in this project. We are very grateful of your support.

Senator LAUTENBERG. Thank you very much, Mr. Holen. Senator Cranston, unless there is anything else that you would like to add, we thank you for having been with us.

Senator CRANSTON. I want to thank you, Frank, and say this committee has a great chairman. Thank you very much.

Senator LAUTENBERG. Thank you. It is good day for flattery.

We have Ms. Kahn here from the San Francisco Metropolitan Transportation Commission and Jerry Wiggins. Do you want to just add anything, Senator Cranston, to what they are going to say?



Senator CRANSTON. I am delighted they are going to speak.

Senator LAUTENBERG. Thank you very much. To each of you, welcome. And you heard that buzzer. That tells us that there is a vote under way. We are going to ask each of you to keep your testimony as crisp and short as you can. We will take your full statement in the record. We would ask you to please start.

#### SAN FRANCISCO METROPOLITAN TRANSPORTATION COMMISSION

##### STATEMENT OF DORIS KAHN, CHAIR

Ms. KAHN. We will be very brief. I am Doris Kahn. I am chair of the nine bay area counties, San Francisco Bay Metropolitan Transportation Commission. And with me is Mr. Wiggins, who is on the board of AC Bus Co., which is one of our bus companies serving the bay area.

Although our part of the country is famous for being flamboyant, I want to say that what Mr. Wiggins and I and a million and a half other people have in common is that we get up every day and ride public transit. Our nearest comparison is something like Chicago or Boston. We are not like other cities that you think of. We are not like Los Angeles. We are transit dependent.

So, I came here to thank you for H.R. 2, and to talk to you about the needs that we continue to have for transportation. In the bay area we have taxed ourselves a half cent sales tax to build BART. We taxed ourselves another half cent sales tax for other transit properties. San Francisco puts \$120 million of tax money into our own local system. And 90 percent of our operating funds are met by fare box recovery. But in addition, we have operating and capital shortfall. And I wanted to be sure that you understood that we need to have this fully funded.

I do not know that I want to take much more of your time except to mention that we have submitted four projects to UMTA, waited 4 years, and then had them thrown back in our face again. It is very difficult for us to do long-range transportation planning, which is what the MTC does, if we cannot be sure that your part of the government is working as well as ours does.

We are going to resubmit them and include a new BART station for the counties south of San Francisco, a rail car repair shop for BART, a commuter train multimodal facilities and new trolley buses for San Francisco. Our hills do wonders on buses. We are forever having to replace them.

So without further ado, I would like to introduce Mr. Wiggins, who as I say is from Berkeley.

Senator LAUTENBERG. Thank you very much, Ms. Kahn.

Mr. Wiggins, the same admonition: short as you can you please.

#### ALAMEDA-CONTRA COSTA TRANSIT DISTRICT

##### STATEMENT OF JERRY WIGGINS, VICE CHAIR

Mr. WIGGINS. Thank you very much.

The Alameda-Contra Costa Transit District is one of the three transit

districts in the United States who are directly elected by the voters. I myself serve this year as vice chair.

My concern primarily is with potential loss of federal operating assistance and what that would mean to AC transit. And for my particular constituency, that would result not only in a decrease in bus service, but it would also result in deferred maintenance on our vehicles and facilities. But also, it would reduce the mobility of the youth, the elderly, and the disabled that use our system.

In the last 5 years we have increased our fares across the board on the average of roughly 140 percent since 1980. But more importantly I think is the people that ride our system. As I indicated in our testimony, 60 percent of the riders who ride our system income is below the median of the bay area. And 25 percent of the people who ride our system have incomes less than \$10,000, and 75 percent of the people who ride our system do not have any access to an automobile. And a substantial amount of our system are those people who have no other choice. So, any reduction in federal operating assistance will continue to have an adverse impact on our ability for our riders, and will result again in potential increases in fares.

That is the message I wanted to bring today.

Senator LAUTENBERG. Thank you very much, Mr. Wiggins. It is very interesting, as I listened to your statement, to hear you talk about the income level of so much of your ridership. UMTA would make the argument that these mass transit systems only serve the middle-income families anyway. Frankly, I see it differently.

I come from a state that is a very prosperous state at the moment, number two in per capita income, New Jersey, and yet we have three of America's poorest cities in our midst. I was born in Patterson, NJ. It is the fifth poorest city in all America. Newark is the number one poverty stricken city. And without public transportation in those areas, those people would not have an opportunity to get any income, or would not have an opportunity to participate in life other than the most dismal, most deprived kind of circumstance.

I could not agree with you more. We appreciate what you have said here. And we will take under consideration the things that beautiful San Francisco needs.

Ms. Kahn, you talked about offering funds at one point, and then trying to hold them back in another. That is no way, as they say, to run a railroad. We cannot keep having people on tenterhooks wondering whether or not the line is going to stop before it is completed. I wish and I hope that some day we will improve the budgeting cycle here in matters of long-range planning and long-range capital, so that we can go ahead and we plan them out for the duration and not have them subject to this process. Thank you very much. [Laughter.]

Thank you very much for your testimony.

[The joint statement follows:]

## JOINT STATEMENT OF DORIS KAHN AND JERRY WIGGINS

Mr. Chairman and members of the Committee: I am Doris Kahn, and I chair the San Francisco Bay Area Metropolitan Transportation Commission. With me today is Jerry Wiggins, vice-chairman of AC Transit, one of our largest operators. We thank you for this opportunity to appear before the Committee to discuss this year's UMTA appropriations bill and its effects on the Bay Area.

Before I begin my remarks, I would like to thank members of this committee for their support in securing passage of H.R. 2, the highway and transit reauthorization bill. The Bay Area, more than most regions, depends on an efficient transportation system, and we certainly appreciate your efforts.

This year, two of our most famous landmarks, the Golden Gate Bridge and the Bay Bridge, turn 50. In 1937, these engineering marvels turned an incohesive, isolated nine-county area into a distinctive metropolitan region. Unfortunately, the success of the outlying areas, with regard to business development and housing, has produced unforeseen transportation problems.

Partially in response to those circumstances, the California State Legislature created the MTC in 1970. We are the financing arm of the Bay Area's transportation system, allocating over a half-billion dollars a year to the eight major transit operators, including San Francisco Muni, AC Transit and Santa Clara County, as well as to 23 smaller, local transit operators. We support approximately 1,500 miles of state highways and 17,000 miles of local streets and roads, six seaports and four commercial airports.

In order to meet the Bay Area's transit operating and capital needs we have successfully petitioned the state legislature for

the authority to enact, by county, sales tax increases for transportation projects. Thus far, two urban counties, Santa Clara and Alameda, which already have a one-half percent sales tax for transit, have enacted an additional half-cent sales tax for transportation. We are hopeful that other Bay Area counties will go to the ballot box in the months ahead.

But, as we were increasing local funds for transportation projects, state transit revenues have declined. This was primarily a result of lower gasoline prices and the governor's desire to set aside a billion-dollar reserve for economic uncertainties. The result has been a scarcity of state matching funds for bus and rail systems.

The Bay Area has heard the battle cry and shown its colors. Local taxes and fares make up nearly 90 percent of the region's transit operating funds. We are paying for what we want.

Of the remaining 10 percent, state assistance equalled \$12.7 million, or less than two percent, and federal operating assistance amounted to \$31.5 million for the 1985-86 period. Although federal operating assistance is only 4.5 percent of the region's overall operating spending, we are very concerned about any further cuts in this vital funding source. Federal operating assistance needs to be maintained at current levels so that transit operators like AC Transit can maintain economically affordable fares and not be forced to cut back on regularly scheduled maintenance expenditures.

We have not been as fortunate with regard to capital requirements, where federal assistance is a necessity. The Bay Area has been waiting over two years for four projects to be approved by UMTA, only to discover last month that they have been rejected. The projects--a needed extension of the San

Francisco Muni J-Line, a BART train control system and station improvements for the Peninsula Commuter train--will be resubmitted to UMTA for reconsideration this month.

We will also submit to UMTA this fiscal year's list of capital priority projects, including: a new BART station on San Mateo County, a rail car repair shop for BART, a commuter train multimodal facility in San Jose, replacement of articulated trolleys in San Francisco, and an intermodal facility in the City of Vallejo.

Funding for these ongoing capital requirements will continue to make the Bay Area transportation network efficient, cost-effective and dependable.

A quick and favorable funding decision regarding these capital projects will allow the Bay Area to move into the 1990's according to a capital plan that was developed and refined over the last decade. We dedicated the 1980's to improving and upgrading existing facilities, in hopes of expanding and developing new transit facilities in heavily congested corridors that surround the cities of San Francisco, Oakland and San Jose.

The population of the Bay Area is estimated to increase by one million over the next 20 years. Our commuter traffic will increase as much as 140 percent in some corridors during that time.

Because of these trends, we are currently studying, with UMTA support, three major transportation corridors. We have rooted out new living patterns and business developments that will impact the region in the next century. We know where the major increases in traffic growth will be and we are confident we can



make the right transportation decisions before the situation becomes unfixable.

At the same time, we strongly believe that we must continue to make investments for the future of the Bay Area's economy. Burgeoning economic growth, however, demands an efficient transportation network. In the Bay Area, one cannot exist without the other. We are pleased that the 100th Congress has shown itself, with the passage of H.R. 2, to be supportive of a strong federal transportation program. I hope I have impressed upon you our funding needs, and how the pending UMTA appropriations measure can assist us to meet our existing and future requirements.

Mr. Chairman, Mr. Wiggins, vice-chairman of AC Transit, has a few comments concerning federal operating assistance.

Mr. Chairman, my name is Jerry Wiggins, and I am vice-chairman of AC Transit. I would like to specifically mention that in our transit agency any decrease in federal operating assistance to AC Transit will trigger cuts in bus services, defer maintenance of vehicles and facilities, cause less mobility for youth, seniors and transit dependents of all ages, and increase the demand on our already overburdened streets and highways.

The most important impact, however, will be to the fares our riders pay for service. Fare increases will impose a greater hardship on AC Transit's bus riders, who have already experienced fare hikes of as much as 140 percent in recent years.

Approximately 60 percent of AC Transit's riders earn less than the median income of the region, and 25 percent earn less than \$10,000 annually. Thus, fare hikes coupled with service



reductions are not fair to our riders, whose vital lifeline is threatened by cuts in federal operating assistance.

Thank you, Mr. Chairman. We would be pleased to answer any questions the Committee may have.

#### BRIEF RECESS

Senator LAUTENBERG. We are going to adjourn for just a couple of minutes while I go to the floor and cast a vote. We will probably need about 5 minutes. I would ask you witnesses yet to appear to be patient. I promise you that we will be back quickly, and we are anxious to hear what you have to say. This committee stands adjourned for 5 minutes.  
[A brief recess was taken.]

#### MUNICIPALITY OF METROPOLITAN SEATTLE

#### STATEMENT OF GEORGE BENSON, COUNCIL MEMBER

Senator LAUTENBERG. The subcommittee will come to order please.

We are now going to hear from the Honorable George Benson, council member of the municipality of the beautiful city of metropolitan Seattle. We welcome you here. I am sorry again that you are being asked to testify considerably later than we originally proposed. And for holding you up so long, we impose a penalty on top of that by limiting the time we have for your testimony. We hope that you will understand, Mr. Benson. Your full statement will be entered in the record. We ask you, as much as possible, to summarize your comments. Thank you very much. Welcome.

Mr. BENSON. Mr. Chairman, we appreciate the kind words, and good morning to you.

My name is George Benson. I serve as chairman for the Downtown Seattle Transit Project Subcommittee of the Metro Council and as the chairman of the city of Seattle's City Council Transportation Committee.

I come before you today with news that construction of the downtown Seattle bus tunnel is now fully under way. In fact, 55 minutes under way because in Pacific time this tunnel boring started at 8 o'clock this morning.

Senator LAUTENBERG. Well, congratulations.

Mr. BENSON. This is due in large measure to this committee's steadfast support of federal financing for the project. Our latest estimates show that the project completion date and overall costs remain roughly the same as when we started the final design phase of the project back in 1985.

Seattle's business community has backed its support of the project by agreeing last summer to contribute over \$30 million toward the local share of the project's cost.

Before describing these accomplishments, let me remind you of the scope of the overall project. The tunnel project is a major effort by Metro, the city of Seattle, and the Urban Mass Transportation Administration to address congestion problems in downtown Seattle that impact the regional transit system.

The Urban Mass Transit Administration has consistently ranked this project as the most cost effective new start in the nation. The project cost estimate includes planning, preparation of an environmental impact statement, preliminary engineering, final design, land acquisition, and construction of an electrified transit tunnel and stations.

The main component of the Downtown Seattle Transit Project is a 1.3-mile L-shaped tunnel under downtown Seattle connecting directly to the interstate system at its north and south ends. The tunnel system will include five stations which will be large, well-lit, and will be fully accessible to the elderly and disabled passengers. In order to ensure the tunnel will never become obsolete, it has been designed to eventually accommodate light rail.

Metro has also awarded a procurement contract for 235 dual-powered buses. These buses are capable of running on diesel above ground and then switching to the trolley lines once they enter the portal stations.

You may recall that the financing plan for the Downtown Seattle Transit Project called for federal grants totaling \$197 million plus an equal amount of local financing to pay for the design and construction of the tunnel, including land acquisition.

Last year this committee provided \$67.87 million for the tunnel construction raising the cumulative level of federal support for the project to \$113.5 million. On May 15, 1986, Seattle Metro and UMTA reached final agreement on a full funding contract for up to \$197 million in federal support.

Finally, on August 28 we received notice that the executive board of the Downtown Seattle Association had overwhelmingly approved \$20 million of private local improvement district financing for the tunnel project. This commitment, together with \$11,996,000 in private property easements donated for the station entrances, yields a total of more than \$30 million of private sector contribution for the Downtown Seattle Transit Project.

With these financial assurances in hand, Metro has moved aggressively into the construction phase of the project. Utility relocation along the alignment is nearing completion. We have awarded most of the major construction contracts, and the tunnel boring machines arrived this weekend. In fact, it was Sunday. And as I said, the work began today. The tunnel is scheduled to be completed and in operation by mid-1990.

I told you at the beginning of this testimony that our latest cost estimate for the overall project, including those elements to be financed from only local sources, is roughly the same as our 1985 estimate. Our latest budget proposal shows that the estimated cost of completing the overall project is now \$422.4 million, 1.6 percent greater than our

original \$415.7 million estimate. We are taking a series of actions to bring costs back within our approved budget amounts. We are not asking, however, for an increase in the \$197 million federal contribution to the project.

Senator LAUTENBERG. I am sorry, Mr. Benson. We have actually allowed even a little more time than the clock said. We will take the balance of your testimony and put it in the record.

I am sorry to cut you off at this time, but there are other people waiting as well.

Mr. BENSON. That's all right.

Senator LAUTENBERG. I understand that this is a very good project, that it is one that deserves attention. The community obviously, as you say, is willing to put their money where their intentions are, and that is very important. We will take it under advisement and try to do the best we can.

Mr. BENSON. Senator, I have a letter that was sent to you from Senators Brock Adams and Daniel Evans. I presume that it is part of the record already.

Senator LAUTENBERG. Absolutely.

Mr. BENSON. Thank you.

Senator LAUTENBERG. They are two distinguished colleagues, and we will certainly pay attention to what they have to say about this.

Mr. BENSON. Thank you so much.

[The statement follows:]

## STATEMENT OF GEORGE BENSON

Good morning Mr. Chairman and members of the Committee. My name is George Benson. I serve as chairman for the Downtown Seattle Transit Project subcommittee of the Metro Council and as chair for the City of Seattle's transportation committee.

I come before you today with news that construction of the downtown Seattle bus tunnel is now fully under way. This is due in large measure to this Committee's steadfast support of federal financing for the project. Our latest estimates show the project completion date and overall cost remain roughly the same as when we started the final design phase of the project back in 1985. Seattle's business community has backed its support of the project by agreeing, last summer, to contribute over \$30 million towards the local share of the project's cost.

Before describing these accomplishments, let me remind the Committee of the scope of the overall project. The tunnel project is a major effort by Metro, the City of Seattle and the Urban Mass Transportation Administration to address congestion problems in downtown Seattle that impact the regional transit system. The Urban Mass Transportation Administration has consistently ranked this project as the most cost-effective new start in the nation. The project cost estimate includes planning, preparation of an environmental impact statement, preliminary engineering, final design, land acquisition and construction of an electrified transit tunnel and stations.

The main component of the Downtown Seattle Transit Project is a 1.3 mile "L" shaped tunnel under downtown Seattle connected directly to the interstate system at its north and south ends. The tunnel system will include five stations which will never become obsolete, it was designed to eventually accommodate light rail.

Metro has also awarded a procurement contract for 236 dual-powered buses. These buses are capable of running on diesel above ground and then switching to trolley lines once they enter the station.

Committee members may recall that the financing plan for the Downtown Seattle Transit Project called for federal grants totalling \$197 million matched by an equal amount of local financing to pay for the design and construction of the transit tunnel, including land acquisition.

Last year this Committee provided \$67.87 million for tunnel construction, raising the cumulative level of federal support for the project to \$113.5 million. On May 15, 1986 Seattle Metro and UMTA reached final agreement on a full funding contract for up to \$197 million in federal support. Finally, on August 28th, we received notice that the Executive Board of the Downtown Seattle Association had overwhelmingly approved \$20 million of private local improvement district financing for the tunnel project. This commitment, together with \$11,996,000 in private property easements donated for station entrances, yields a total of more than \$30 million of private sector contribution for the Downtown Seattle Transit Project.

With these financial assurances in hand, Metro has moved aggressively into the construction phase of the Downtown Seattle Transit Project. Utility relocation along the alignment is nearing completion, we have awarded most of the major construction contracts, and the tunnel boring machines were due to arrive this weekend with boring to begin within the week. The tunnel is scheduled to be completed and in operation by mid-1990.

I told you at the beginning of this testimony that our latest cost estimate for the overall Downtown Seattle Transit Project,



including those elements to be financed from only local sources, is roughly the same as our 1985 estimate. Our latest budget proposal shows the estimated cost of completing the overall project is now \$422.4 million -- 1.6% more than our original \$415.7 estimate. We are taking a series of actions to bring costs back within our approved budget amounts. We are not asking for an increase in the \$197 million federal contribution to the project.

We are asking, however, that the Committee appropriate in FY 1988, the remaining \$83.5 million for which our project is eligible. All of the contracts eligible for UMTA cost sharing will have been awarded by this summer. Our cash flow projections show that most of the cash outlays associated with this final \$83.5 million will occur in 1988. But most importantly, assurance of the remaining federal funding will free us to concentrate solely on managing the construction effort. Our agency has a reputation for completing large construction projects on time and within budget. We want to preserve our reputation with successful completion of the Downtown Seattle Transit Project.

Finally, I believe full appropriation of the remaining funds for this project will yield important benefits for the national transit program. Proponents of transit projects across the nation watch this Committee's actions closely. They will be encouraged by your adherence to allocation on the basis of merit, by your steadfast support for projects already in construction, and by the knowledge that Seattle has cleared out of the funding pipeline, making room in the federal program for worthwhile projects from other cities.

Thank you for granting me time before your Committee and for your generous support of our project.



## CHICAGO TRANSIT AUTHORITY

## STATEMENT OF WALTER H. CLARK, CHAIRMAN

Senator LAUTENBERG. Well, we thank both of you for being with us.

Mr. Paul Karas and Mr. Walter Clark, both from Chicago, one from the Department of Public Works, the other from Chicago Transit Authority.

We met out in the hall, Mr. Clark, and I had mentioned to you that I was in Chicago just last week and had not been there in a while. The city looked beautiful on the banks of the Great Lakes. I thought that the overhead was abandoned. I see it is still operating there. What do they call it? The elevated railway. It didn't make a lot of noise. It did not seem be too disturbing. So, I assume that Chicago is well on its way to taking care of the things that it has to.

And we invite you to give your testimony and welcome you here, of course, and to remind you that we are compelled to limit the time, ask you to consolidate your testimony as much as possible and try to stay within the 5 minutes that we have allotted to you.

Mr. CLARK. Mr. Chairman, on behalf of the city of Chicago and the Chicago Transit Authority, I wish to express our appreciation for the opportunity to provide testimony to you and your subcommittee today. I am Walter Clark, chairman of the Chicago Transit Authority, and am joined here today by Dick Hankett, deputy commissioner of the Chicago Department of Public works. Mr. Karas was not able to attend.

Senator LAUTENBERG. OK.

Mr. CLARK. I will briefly address Chicago's concern regarding federal rail modernization funding, and Mr. Hankett will address our concerns regarding the interstate transfer program.

As you know, UMTA's rail modernization study has been recently released. We have given the report a preliminary review, and based on our own estimates, the report is fairly accurate in its assessment of Chicago's rail modernization funding needs. Assuming, therefore, that the report is generally accurate for all rail modernization properties, we believe it makes a compelling case for the federal government's rail modernization program.

Basically the UMTA study indicates that over the next 10 years \$17.9 billion must be invested to keep existing rail transit systems in good operating condition. If the sections 3 and 9 programs continue at current levels during that period, substantially less than 50 percent of that investment requirement will be covered. In other words, the majority of the rail modernization need must be funded by state and local resources.

The subcommittee has the discretion to allocate 10 percent of the total section 3 appropriation to the three categories of rail modernization, new rail starts and bus projects. We believe that the federal involvement in rail modernization is well-balanced against the state and local responsibility for funding rail capital improvement. We, therefore, strongly recommend that for the fiscal year 1988 the subcommittee allo-

cate sufficient funding for rail modernization to continue its fiscal year 1987 section 3 funding share of approximately 45 percent.

Thank you very much. We will have Mr. Hankett make a few remarks.

Senator LAUTENBERG. OK. They will be brief, Mr. Hankett. Thank you.

#### CHICAGO DEPARTMENT OF PUBLIC WORKS

#### STATEMENT OF RICHARD HANKETT, DEPUTY COMMISSIONER

Mr. HANKETT. Yes, they will, Mr. Chairman. Thank you.

I am here today representing the city of Chicago with two purposes in mind. First and foremost, I want to thank you and the subcommittee for generous allocations of the interstate transfer transit funding that you have made in the past to Chicago. As a result of your support, our Southwest Rapid Transit line is now under construction and will soon be providing service to Chicago's Midway Airport.

Our second purpose today is to recommend that the subcommittee fully appropriate the \$200 million authorized for the interstate transfer transit program. An appropriation of \$200 million would simply provide a national funding freeze at the 1987 level. Our survey of transfer transit recipient cities around the country indicates that a total 1988 federal funding requirement exists of only about \$205 million. This means that full appropriation at the \$200 million level should come very close to meeting every recipient's needs for 1988.

The Chicago region specifically requests a fiscal year 1988 appropriation earmark of \$100 million for transit projects. Approximately \$78 million of the \$100 is for continuing construction on our Southwest Rapid Transit line. Of the \$78 million, \$44 million will pay for actual construction while \$34 million would be put toward initiating the purchase of rapid transit cars to run on the line. The Southwest Transit Project is subject to a full funding contract with UMTA. The remaining \$22 million will support continued rehabilitation of Chicago's downtown loop L—I am happy to hear that you like the structure—the Jackson Park L they originally built in the 1890's, and several suburban transit improvements.

Thank you.

Senator LAUTENBERG. Thank you very much. I had a chance also to go to and from the airport and know what a trek that is and how welcome that rail link is going to be out there. I tell you, I would have jumped out of the car that I was in and taken it were it available.

Thank you both very much for being with us and for appreciating how restricted our time is. We will take your testimony, however lengthy that is, and put it in the record. Thank you very much for being with us.

Mr. HANKETT. Thank you, sir.

Mr. CLARK. Thank you very much, Senator.

[The joint statement follows:]

## JOINT STATEMENT OF PAUL A. KARAS AND WALTER H. CLARK

On behalf of the Chicago Transit Authority (CTA) and the City of Chicago, I wish to express our appreciation for the opportunity to submit testimony to the House Appropriation Subcommittee on Transportation. I am Paul Karas, Commissioner of the Chicago Department of Public Works, and am joined here today by Walter Clark, Chairman of the CTA.

Our testimony addresses two areas of extreme importance to the transit system within the Chicago region. The City of Chicago is a primary recipient of Interstate Transfer Transit and Highway funding. The Chicago region has approximately 11% of the remaining unobligated balance for the substitute highway program and approximately 28% of the unobligated balance for the substitute transit program. The CTA is a primary recipient of Section 3 rail modernization funds. The Chicago region in 1986 received approximately \$65 million in rail modernization funding from the Section 3 program. The following comments are confined to these two funding programs and our concerns and recommendations regarding each.

INTERSTATE TRANSFER PROGRAM

We wish to thank the subcommittee for the generous allocations of Interstate Transfer funding that it has made in the past to the Chicago region. Our involvement in the program dates back to the \$2.3 billion Crosstown Expressway trade-in in the late 70's. Currently we have the second largest unobligated balance in the program. We are recommending to the subcommittee today that it fully appropriate up to the authorized levels of funding for both the highway and transit categories. We are also requesting that the

subcommittee provide the Chicago region an earmark of \$100 million for substitute transit projects and \$150 million for substitute highway projects.

The Interstate Transfer Program was designed to allow state and local governments to withdraw pending interstate highway projects and, in exchange, transfer the project value to other mass transit or highway projects. The underlying incentive of this offer was a value-for-value trade: funding that would have been available for construction of the interstate segment is made available to construct substitute transit and highway projects. To maintain the value of the trade-in, state and local officials were led to believe that a sufficient level of appropriations and authorizations would be provided to fund the substitute projects in a timely fashion. Unfortunately, due to deficit reduction pressures, Congress has been unable to maintain a level of funding adequate to protect the values of the original interstate trade-ins, especially trade-ins which were made prior to 1981.

The Surface Transportation and Uniform Relocation Assistance Act of 1987 provided annual authorizations of \$200 million and \$740 million for the Interstate Transfer Transit and Highway programs respectively. In FY83 Transfer Transit was funded at \$412 million and Transfer Highway at \$775 million. Since then the program as a whole has doubled in size from approximately \$4 billion to \$8.7 billion of interstate trade-ins. Obviously authorizations and appropriations have not keep pace with the growing value of the total Interstate Transfer program. This underfunding has caused serious project delays resulting in increased project budgets due to inflation. The Surface Transportation and Uniform Relocation

Assistance Act of 1987 provided some compensation for this inflationary effect. It added \$100 million to the unobligated balance of the Interstate Transfer Transit program. It does not, however, protect Interstate Transfer Transit recipients from future inflationary erosion. We, therefore, strongly urge the committee to fund both the transit and highway Interstate Transfer programs to their full authorized amounts. If continued in the future, such funding should adequately meet the needs of substitute projects and complete the Interstate Transfer program by the early 90's, a few years later than the original target completion date of 1990.

We have conducted a survey of the national Interstate Transfer Transit funding need for FY88. The survey (attached) indicates that \$205 million is needed by the 21 transit recipients to keep their projects fully funded and on time.

This is only \$5 million greater than the authorized cap of \$200 million. The subcommittee is, therefore, in a position to provide an adequate level of funding to meet everyone's Transfer Transit need in FY1988. Included in the survey is our request for \$100 million. Approximately \$44 million of that amount is for continuation of the design and construction of the Southwest Rapid Transit project. This is a nine-mile, eight-station extension of Chicago's rapid transit system from downtown Chicago to Midway Airport on the southwest side of Chicago. The project is subject to a full funding agreement with the Urban Mass Transportation Administration. The contract assumes a set level of funding each year for the completion of the project. A funding allocation less than \$44 million will cause construction delays and cost overruns not anticipated within



the agreement. Chicago's request also includes \$34.1 million to initiate the purchase of rapid transit vehicles for the Southwest extension. A funding delay for this acquisition will prevent us from acquiring vehicles in time for the new rail line's opening.

The \$100 million request will also provide \$11.9 million for the continued rehabilitation of Chicago's downtown elevated structure, commonly referred to as the Loop. This is a key link in the rapid transit system which connects all of the lines that radiate from the Chicago business district. This amount will also continue the rehabilitation of the Jackson Park elevated structure which dates back to the early 1890's.

#### RAIL MODERNIZATION

As the second largest rail transit system in the U.S., the Chicago region urges the Committee to maintain its past commitment to the Section 3 rail modernization program. We believe that the recently released UMTA rail modernization study confirms that the federal investment in existing mass transit rail infrastructure is clearly justified. We have reviewed the report and determined that it is very close to our own estimate of the level of investment needed to keep the Chicago system in good condition. In comparing the study's 10-year rail modification need to existing federal rail modernization funding levels, it is evident that state and local resources bear the majority of the investment requirement.

Last year the Chicago region received approximately \$65 million in Section 3 rail modernization funds. An additional amount of \$81 million from the Section 9 program was utilized for rail



modernization projects. If the total \$146 million in funding were to continue over the next 10 years, the \$1.5 million provided would cover only 50% of the 10-year investment requirement of \$3.0 billion as identified in the UMTA study. Adjusting the requirement for inflation, federal funds would cover much less.

The Chicago situation is typical of the national rail modernization funding situation. In 1986, approximately \$838 million of Sections 3 and 9 funding, \$411 million and \$427 million respectively, was allocated to rail modernization projects. Assuming such allocation is held constant for the next 10 years, the resulting \$8.4 billion federal investment would cover less than 50% of the total \$17.9 billion rail modernization need identified by the UMTA study. Again an inflationary adjustment to the need requirement would significantly reduce the federal funding coverage.

Our conclusion is that rail modernization properties are bearing more than 50% of investment requirement to keep the nation's rail transit systems in good condition. These systems are providing well established and productive transit service. Federal, state and local rail capital investment is essential to maintaining the transportation bloodline for continued prosperity in key economic centers of the nation.

The subcommittee has the discretion to allocate 10% of the total Section 3 appropriation to the three categories of rail modernization, new rail starts and bus projects. We believe that the federal involvement in rail modernization is well balanced with the state and local responsibility for funding rail capital main-

tenance. It is essential to economic prosperity. We, therefore, strongly recommend that for FY88 the subcommittee allocate sufficient funding to rail modernization to continue its FY87 Section 3 funding share of 45%.

#### CONCLUSION

To conclude, Mr. Chairman, we are specifically urging the subcommittee to fully fund both the Section 3 and Interstate Transfer programs. We join the rest of the transit industry in rejecting the President's budget which would cut the transit program by over 50%. The industry can verify the dire consequences of such action and establish the productive use of federal transit assistance. We believe the subcommittee's previous rejection of such budget requests indicates that you agree with our position. Thank you very much for your support.

#### SOUTHEASTERN PENNSYLVANIA TRANSPORTATION AUTHORITY

#### STATEMENT OF JEANNE E. NEESE, MANAGER, GOVERNMENT RELATIONS

Senator LAUTENBERG. We ask now Ms. Jeanne Neese to come to the table and Mr. James Lutz. I would ask if Ms. Garber is here? Do you mind coming up and sitting up front as well? Then we do not have to go through the process of waiting for the shifts to change.

I would ask if Dr. William Berry is here, would you mind occupying a couple chairs? That will give you a chance to hear what everybody is saying and me a chance to familiarize myself with who you are.

And we will take the testimony nevertheless in order because again in the interest of getting everybody included, we are going to try and expedite the process. We will start with Ms. Neese. I ask you, if you would, just identify yourself and please begin. You and Mr. Lutz are a combination, and the 5 minutes that we have allotted is allotted to both of you. You can squabble over how you want to divide it up.

Ms. NEESE. My name is Jeanne Neese, and I am manager of government relations for the Southeastern Pennsylvania Transportation—

Senator LAUTENBERG. Ms. Neese. I am sorry. I was thinking of the Attorney General. Please pull that mike closer to you.

Ms. NEESE. My name is Jeanne Neese, and I am manager of government relations for SEPTA in Philadelphia, which serves five counties in southeastern Pennsylvania and carries more than a million people a day.

Basically our budget is funded largely out of the fare box, 60 percent, and 25 percent state, 9 percent local, and about 6 percent federal which is \$30 million at this point. We are much more dependent on the federal government for our capital funds which the federal government provides, about 75 to 80 percent of the \$125 to \$175 million a year, which we invest in capital.

And we are seeking your support for preventing any further major cuts in the federal program for mass transit. Since fiscal 1980 our operating subsidy has been cut by about 50 percent in the SEPTA region, and capital has been cut since 1981 about 35 percent. At this point we have a \$1.25 base fare, which is about the highest in the country, and we are facing many problems with an aging infrastructure with which I am sure you are familiar coming from the state you do. And we would like to seek your assistance in preventing further cuts.

I have one specific new federal requirement that I would like to bring to your attention that is causing a funding concern for us, and that is the Federal Railroad Administration's new mandate that all commuter rail cars that operate in the Northeast corridor, which includes all of our cars, be equipped with automatic train control within the next 10 years. We estimate a capital need for that project of about \$10 million which is not coming from any additional funding source and, therefore, we face the decision of either giving up some crucial bridge, signal, track or other commuter rail project in lieu of that. And it is a safety concern which we share with the FRA, but we do not have the money available.

Senator LAUTENBERG. Thank you.

[The statement follows:]

## STATEMENT OF JEANNE E. NEESE

Good morning. My name is Jeanne E. Neese and I am Manager of Government Relations for the Southeastern Pennsylvania Transportation Authority (SEPTA) in Philadelphia. I appreciate this opportunity to discuss the impact of the President's proposed FY 88 budget on SEPTA.

First, let me provide some background on current SEPTA operations and funding mechanisms. SEPTA is a public operator serving the five county region including Philadelphia, Bucks, Chester, Delaware and Montgomery Counties. The system operates more than 2,500 vehicles on approximately 150 routes and is one of the most varied systems in the country with buses, trolleys, trolley buses, subways, elevated lines and commuter rail service. Each weekday, SEPTA carries more than one (1) million passengers.

To provide this level of service, SEPTA has an operating budget this year of \$544M. The largest percentage of this money is provided by the fares paid by SEPTA's passengers, almost 60% of total costs. The state provides the next largest share, almost 25%, with the local member governments contributing 9% and the Federal government providing about 6%.

SEPTA staff has just completed the FY'88 Budget Proposal. This Budget calls for a spending level of \$553 million or a one percent increase over the FY'87 Budget level. This proposal assumes a Federal operating subsidy for FY'88 of \$30 million and increased levels in state and local subsidies. It should be noted that this Budget proposal does not include a fare increase. SEPTA will be holding extensive public hearings on this proposal during the month of May. Of course, if any of these subsidy projections are not forthcoming, alternative measures via a fare increase and/or service reductions may be necessary to balance the FY'88 budget.

In order to maintain the physical plant of the SEPTA system, SEPTA spends approximately \$125-\$175M in capital funds each year. The vast majority of the money, 75-80% depending on the grant program, comes from the Federal government, with State and local funds serving as match. This level of capital investment however, has left us with a

backlog of unfunded capital needs of approximately \$2B, primarily on the commuter rail system which was transferred from Conrail to SEPTA on January 1, 1983 under the terms of the Northeast Rail Services Act of 1981 as part of the effort to make Conrail a profitable, saleable entity.

What I have just outlined is the way SEPTA is currently funded. As you can see, Federal funds play a large role in financing transit operations in this region. In FY'86, SEPTA received almost \$32M in operating subsidy. It is anticipated that our final Federal funding level will be approximately \$156M. In FY'87 SEPTA received \$30.7M in Federal operating assistance, a 3.7% reduction from the '86 level. Projected total Federal funding for FY'87 is \$141M or an overall 9.6% cut from '86 levels. Section 3 trust fund money is expected to provide \$68M of the \$141M for FY'87. This money can now be released since the reauthorization legislation was enacted on April 2, 1987.

The President's FY 88 budget proposal would severely impact those funding levels. The President has proposed eliminating all general revenue funding for mass transit, leaving only the proceeds from the 1¢ gasoline tax which is dedicated to mass transit. He has also proposed that this vastly reduced program, from \$3.4B to \$1.374B, be distributed on a formula basis and be useable only for capital purposes -- no operating assistance. What this means is that between FY 86 and FY 88, Federal money for SEPTA will decline from \$161M to \$48M, a 70% cut in Federal funding. In addition, the budget proposes to end the gas tax exemption for public and private buses under the federal motor fuels tax. This will have an additional negative impact on SEPTA's operating budget of \$2M.

On top of this proposal to drastically reduce Federal funding for mass transit come new mandates from the Federal Government at substantial costs to SEPTA. The FRA has mandated that all commuter trains operating on the Northeast Corridor be equipped with automatic stop controls within the next three years. This alone is estimated to cost SEPTA \$10M. May I state that while we think it is a fine idea and should be implemented as soon as possible, a dedicated funded source must be identified to meet the financial burden of implementing this safety precaution.

Another item in the vein of safety which has already posed a financial burden on SEPTA and may escalate in the coming year, is the PCB clean-up of the Paoli Rail Yard. To date, SEPTA has spent over \$6M on PCB clean-up projects. As you know, this PCB-contaminated rail yard was turned over to SEPTA under the Northeast Rail Service Act (NERSA) of 1981, but is owned by Amtrak. Several meetings between the parties involved have recently taken place and, hopefully, a consensus agreement on this issue will be forthcoming.

The fact remains, however, that the actual clean-up will cost millions of dollars and, obviously, SEPTA does not have this kind of money -- nor do we have any source of funding to even contribute to this price tag.

Transit funding has already been substantially reduced. In FY 80, the Federal government contributed almost \$61M dollars to SEPTA's operating budget. The current level of less than \$31M is 50% lower. In FY'86 mass transit sustained a 4.3% reduction in funds in compliance with the Balanced Budget and Emergency Deficit Control Act of 1985 (Gramm-Rudman).

Capital funding, although variable by year, has also declined. In FFY 81, the region received \$165M in Federal capital dollars. In the current fiscal year, we expect to receive \$110M. If we get this money, it will be almost 35% less than what we received six years ago.

The oft-stated logic proposed by the Administration for the drastic cuts in transit funding which it has repeatedly proposed, is that transit is a local issue. That case can be made. So can the case that agricultural programs are localized to rural areas, that education programs pay for services provided to local children by local school districts, that water projects for arid areas benefit limited geographic areas; even that toxic dump sites are located in specific areas. There is probably no national program that was not created to solve a problem or improve a situation which is more particular to some areas than others.



While the bulk of Federal transit funding flows to urbanized areas, it also provides aid to rural programs. The beneficiaries of the urban-oriented programs are 141 million people living in 374 urbanized areas across the country, certainly a significant portion of the population. In these areas, transit provides a way for employees to get to work, for customers to reach retail establishments and for students to attend school. It provides relief for already congested highways, minimizes the need to expend funds to build new roadways and retains street capacity for the movement of goods. Cities continue to produce goods and services which are needed in less urban areas and continue to be the marketplace for much of the agricultural produce in this country. Surely this interdependence warrants national interest in programs targeted to the survival of both.

What if this year the Administration's proposal were to succeed? What would it mean to the SEPTA rider? The most visible aspects of the SEPTA system are the service provided and the fare charged. On July 6, 1986, SEPTA increased its base fare to \$1.25. Although prepaid fares were not increased, SEPTA now has the highest cash fare in the country. Despite this fact, the system is still faced with a substantial budget gap for this fiscal year which resulted in service cut proposals. If the operating subsidy that is currently included in SEPTA's budget is eliminated, one of three things must happen: State and local subsidies must be increased, services must be cut or fares must be raised. The elimination of revenue sharing has all but guaranteed no growth in local assistance.

Last fall, confronted with a budget gap of approximately \$25M, SEPTA was forced to propose service cuts which would affect about 30% of its riders. Entire rail lines and over 30 bus routes were proposed for abandonment. Hours of service were to be severely curtailed. The magnitude of these service cut proposals was a result of the need for \$25M in net savings when 60% of expenses come from the farebox. One can well imagine the impact of the loss of Federal operating subsidy. Much more than \$31M in services would have to be cut to make up for lost Federal subsidies since fares would be lost as well. Since fares cover 60% of operating expenses, service would have to be reduced by approximately 18% to make up the loss in Federal funds. The final

alternative is fare increases. An increase of at least 10% in the average fare would be necessary to accommodate a \$31M reduction in federal operating assistance. This is in addition to any increase in fares due to shortfalls from other funding sources or increased expenses. These dire consequences would occur at a time when SEPTA service should logically be expanded to accommodate increased ridership and relieve overcrowding on vehicles.

The drastic cuts in capital funding would be less apparent to the rider initially, at least on the transit side of our system, since many of the vehicles are new and the stations refurbished. However, in only a few years the lack of capital investment would become painfully evident. The bridge work on the Ninth Street Branch Systems Improvements project which is vital to the continuation of regional rail service in this area would not come to fruition. The Frankford Elevated, also known as the work horse of the system for the number of daily passengers carried, would not receive the major reconstruction that the 65-year-old structure desperately needs. Currently, SEPTA is routinely replacing buses at the rate of 120 per year. Without adequate funds, there may be no more new buses. Station renovations will stop. Worse, however, will be the rapid acceleration of the deterioration of the basic operational elements of the system; track, signals, power distribution, bridges, etc. until it becomes necessary to shut down part of the system.

Transit has already made a huge contribution to curing the Federal deficit through previous cuts. It is not equitable to ask the transit riders of this region to absorb another cut of this magnitude. For more than twenty years, through both Republican and Democratic Administrations, the Federal government has recognized the legitimacy of a Federal role in funding transit. Nothing has changed that would warrant Federal abdication of this role now.

PENNSYLVANIA ASSOCIATION OF MUNICIPAL TRANSPORTATION AUTHORITIES  
STATEMENT OF JAMES J. LUTZ, VICE PRESIDENT, URBAN SYSTEMS,  
PENNSYLVANIA ASSOCIATION OF MUNICIPAL TRANSPORTATION  
AUTHORITIES, AND EXECUTIVE DIRECTOR, RED ROSE TRANSIT  
AUTHORITY

Senator LAUTENBERG. Yes, sir.

Mr. LUTZ. Good morning, Mr. Chairman. My name is James Lutz. I am vice president for the urban systems for the Pennsylvania Association of Municipal Transportation Authorities and also executive director of the Red Rose Transit Authority in Lancaster, PA.

To be brief, let me just cover three points, one, that PAMTA is an organization that represents 34 urban and rural public transportation systems in the Commonwealth ranging from the small eight-bus system in Warren to the large multimodal systems of Pittsburgh and Philadelphia.

While PAMTA does not always agree, we are in full agreement on the issue that is before you today. And PAMTA is asking today, and we wish to send you the message, that we firmly believe that the capital and operating assistance appropriations for fiscal year 1988 should be set at no less than fully authorized levels in order to fulfill the congressional commitment embodied in H.R. 2.

The second point that I would like to leave you with is the commitment and what Pennsylvania transit means to Pennsylvania as a commonwealth and as a state. Our transit is, indeed a billion dollar industry in Pennsylvania. It provides over 12,000 jobs directly and spends over \$550 million on operations for parts, fuels, and for a multitude of other items. This \$550 million creates an additional 50,000 jobs in the private sector. And in addition, about \$450 million is spent on capital projects each year which generate another 36,000 jobs and gives an important boost to not only Pennsylvania's economy, but the economy of the nation as a whole.

The final item that I would like to mention is something that has come out very recently through the Urban Mass Transportation Administration, and this is the prohibitions against the provision of charter work by public transit which we feel will have a devastating impact on all of us. People have always had the freedom to choose between the public and the private sector for their transit needs. However, with the most recent regulations there is no longer a choice for the consumer. They are required to contract with a private operator and do so regardless of the type of bus available, regardless of the company's reliability.

And we feel very strongly that those regulations should be either suspended, and the American Public Transit Association is certainly moving, trying to make that effort now. If that fails, we would ask that the Congress would lend your support to include language in the fiscal year 1988 appropriations bill which would prevent implementation of that regulation.

Thank you.

Senator LAUTENBERG. Thank you, Mr. Lutz. I thank both of you.

We have a federal safety bill that we have developed. It is S. 1098. That does include the requirements for the automatic train control. Maybe as part of that we can find a way to get you some funds for the project.

Ms. NEESE. I appreciate that. Thank you.

Senator LAUTENBERG. OK. Thank you very much. You are free to go if you would like.

[The statement follows:]

## STATEMENT OF JAMES J. LUTZ

Good morning, Mr. Chairman and members of the Subcommittee. As a representative of the Pennsylvania Association of Municipal Transportation Authorities, I am pleased to have the opportunity to appear before you today.

The Pennsylvania Association of Municipal Transportation Authorities, or PAMTA, represents 34 urban and rural public transportation systems in the Commonwealth, ranging from the small 8-bus system in Warren to the large multi-modal systems of Pittsburgh and Philadelphia. PAMTA members traditionally have a variety of opinions on an assortment of transit related topics. However, a unified chorus can be heard on the subject which we are addressing here this morning. We firmly believe that capital and operating assistance appropriations for fiscal year 1988 should be set at no less than fully authorized levels in order to fulfill the Congressional commitment embodied in the historic veto override and subsequent enactment of H.R. 2.

There are many valid arguments to justify the PAMTA position, ranging from the decaying infrastructure and mounting energy concerns to increased travel demand and environmental concerns. However, due to time constraints, please permit me to focus on one major issue. That is, the tremendous contribution made by Pennsylvania's public transportation system to the economic vitality of the Commonwealth and the nation.

In Pennsylvania, transit is a billion dollar annual industry. It provides over 12,000 jobs directly and

spends over \$550 million on operations for parts, fuel, and a multitude of other items. This \$550 million creates an additional 50,000 jobs in the private sector. In addition, about \$450 million is spent on capital projects which generate another 36,000 jobs and gives an important boost to Pennsylvania's economy.

Obviously, transit is more than just moving people from one place to another. It's big business, encompassed within a rich heritage of cultural norms which contribute extensively to community cohesion and growth.

But, Senators, the integral role transit plays in our local, state and national economies is occasionally overlooked, with the result that public transit often resembles an unwanted orphan.

If we can accept the premise that mass transit is a vital component of our economic and social framework, we must work to create a political environment which supports this premise. However, the year-to-year survival of transit in Pennsylvania and the nation remains subject to the shifting winds of Federal policy. Transit systems are forced to raise fares, cut service and starve crucial maintenance and repair budgets.

It is PAMTA's view, and certainly the view of the American Public Transit Association (APTA), that public transit investment is no less important than investment in other transportation modes, and, given the enactment of H.R. 2, priority should be given to fully funding the provisions of the new act.



Despite a very laudable track record for productivity and contributions to our nation's economic and social growth, the transit orphan has received a reduction of 26% in current dollars and a 40% loss in actual purchasing power since 1981. As any orphan feels when rejected, transit is developing a complex which is neither justifiable nor healthy. Transit has already made a sizeable, direct contribution to deficit reduction. Therefore, it is both possible and defensible to halt further reductions for fiscal year 1988 and years beyond.

Since the level of participation in capital and operating assistance programs by the State of Pennsylvania is proportionally tied to the level of commitment at the Federal level, mass transit operations in the Commonwealth face a serious dilemma if it does not receive full appropriations. If we receive less funding, the cuts will severely affect large, capital intensive systems such as Pittsburgh and Philadelphia. These two systems have major infrastructure needs. Without a major new source of capital funds, these rail, trolley and subway systems will rapidly deteriorate to the point where unsafe conditions will mandate shutting down portions of these systems. However, all transit systems in Pennsylvania, both urban and rural, will suffer as buses and vans reach the end of their useful life and cannot be replaced, as deteriorated maintenance facilities cannot be replaced or repaired, and maintenance equipment fails and cannot assure a reliable fleet.

---

Transit throughout the Commonwealth has serious needs for capital and operating assistance. In fact, the need for transit capital funding in Pennsylvania over the next five years is estimated at almost three billion dollars.

I had a specific reason this morning for elaborating on the economic contributions made directly and indirectly by the transit development activities in Pennsylvania. I wanted to show that supporting mass transit is not a priority simply as a means to preserve some "make work" program. Rather, it's important that everyone realize that the Federal monetary support over the past 20 years for our transit systems has reached out and touched someone! It has touched a vital nerve center in our state as well as national economy, reflecting a significant financial and social return for the Federal dollars invested. As a result, your continued support for the transit operating and capital assistance at the authorized levels will only continue to enhance this mutually beneficial relationship.

Finally, in a related matter, I want to briefly mention that the Urban Mass Transportation Administration prohibitions against the conduction of charter work by public transit systems will have a devastating impact on all of us. People have always had the freedom to choose between public and private transit operators, and they make these decisions as intelligent consumers. These new regulations remove the choice from the consumer, and require contracting with the private operator, regardless of the type of bus available or the company's reliability. In addition, the economic hardships previously described

in my presentation will only be exacerbated. Gentlemen, it is within your power to assure that our communities' requests for charter service do not go unanswered and that public transit be spared the additional economic hardships imposed by these regulations. Efforts are being made by the American Public Transit Association to have the UMTA regulations withdrawn by the Administration. If the regulations are not withdrawn, however, I ask that you lend your support to include language in the 1988 Fiscal Year Appropriations Bill which would prevent implementation of these regulations.

Thank you very much.

#### NATIONAL ASSOCIATION FOR TRANSPORTATION ALTERNATIVES

#### STATEMENT OF CONSTANCE GARBER

#### ACCOMPANIED BY STEVE FITTANTE

Senator LAUTENBERG. We will hear next from Ms. Constance Garber. I am told that you have a special asset here, someone from New Jersey—is that right—with you?

Ms. GARBER. That is correct. This is Steve Fittante who has joined me this morning, and I appreciate the committee's indulgence in letting him join me here at the table.

Senator LAUTENBERG. Thank you. Again, you heard the rule about the time.

Ms. GARBER. Yes.

Senator LAUTENBERG. Please go ahead then, Ms. Garber.

Ms. GARBER. Senator Lautenberg, my name is Constance Garber. I am appearing today before you both as the director of York County Community Action's transportation program operating in southern Maine, and as the vice president of NASTA, the national professional association of community transportation providers that serves rural, small urban, and specialized elderly and handicapped transportation needs. And as I mentioned, I am accompanied by another NASTA board member, Steve Fittante, from Monmouth County, NJ. We appreciate the opportunity to present testimony to you, and have provided written testimony that details a number of major concerns. I will briefly speak on those priority issues, but today I would first ask your indulgence and allow me to go through a scenario that I think will paint a very clear picture for you of what we are looking at.

Imagine that you are at your home looking out your window, and you see an elderly person walking down the sidewalk. She reminds you of somebody in your family, an aunt, a cousin, that you have not seen for a while, and you realize that in the houses and apartments surrounding you there are probably large numbers of these individuals in your community that have daily needs to go shopping, to go to the bank, to go to the post office, and go to the doctor.

Now, picture a small bus or a van coming down the street, one that you have seen before but never really paid much attention to. It stops at the curb. The elderly person boards the vehicle, and the vehicle disappears down the street. The person riding this vehicle could be a relative of yours, could be a relative of a friend or a neighbor of yours. But across this country, 15 million people are transported by these community transportation systems serving not only the elderly and the handicapped and low-income citizens, but many other members of our general public without access to any other means of transport.

Now let me bring you back to the reality that those of us involved with community transportation face daily. Attached to my written testimony is a profile of the almost 11,000 systems who are right now while we sit here covering many miles of rural and small urban roads trying to meet the ever-growing demand for this type of service.

The system that I operate covers 1,000 square miles in southern Maine with the largest town's population being not quite 20,000. Riders regularly write to us. And I would like to briefly read a line or two from two letters that I have recently received. The first one is from a woman who although she says she is 80 years old, our record shows that she is 88.

I am 80 years old, disabled, deaf and haven't any car. Riding with me on the bus each week are seven women and one man. We all live alone and don't have any car to use to go shopping.

Another woman writes in. She is another senior citizen.

I have enjoyed the privilege of riding on the bus for the elderly as I have no car. It has enabled me to do necessary shopping, grocery shopping, and just a day that I look forward to getting away for a few hours.

Mr. Chairman, I fully appreciate the position that you are in sitting on the Appropriations Committee being inundated with requests one after the other, but I am here today to ask you to appreciate the position that rural citizens and mobility impaired citizens in this country are in. This constituency, your constituency, your rural and special needs people, amount to nearly 117 million people. And they make up the majority of the populations in 39 of our 50 states. And that number is growing. What they need is an adequate means of transportation to meet their daily life-sustaining needs. Right now, UMTA section 18 rural funds amount to 2.9 percent of all formula assistance. Last year this legislated level of allocation was increased on a one-time basis to 3.75 percent or \$75 million because of the intervention of this committee. If you take no special action in your current deliberations, section 18 funding will revert to the lower percentage and there will be an

immediate cut of 14 percent of those crucial dollars before any budget balancing cuts are made.

Senator LAUTENBERG. Ms. Garber, I hate to do this to you because what you are saying is consistent with my own views on how we provide service to people in our community and particularly those who are outside the normal loop for travel. In New Jersey, the most densely populated state in the United States, 16 out of 21 counties are considered rural for transit funding purposes. We have the second most aged population among states in the country in New Jersey. And the needs for transportation access are critical.

It frankly is kind of a curious thing for me to hear how it is that we may be able to find \$5 billion for a defense system that probably won't work, as they would say up in Maine, and you cannot get transportation funding for people who would like to go to work to work, bring in the revenues, and pay the taxes, and make life a little more tolerable for some of those who just do not have any other way to do things.

We thank you for your testimony and we assure you that your words will not go unheeded even though they are going to be in the written record.

Ms. GARBER. Would the committee allow Mr. Fittante just a moment to say a few words since he did drive down?

Senator LAUTENBERG. Coming from New Jersey? A moment.

Ms. GARBER. Thank you.

Senator LAUTENBERG. Steve, make it short and sweet, of course.

Mr. FITTANTE. Thank you, Mr. Chairman.

I just want to emphasize again for the Senator and for the other urban states that rural transportation is not limited simply to those states characterized by rural populations. And the roller coaster of appropriations that the section 18 program has undergone since fiscal year 1984 has made it very difficult to plan for new services and to maintain existing services.

And again, we emphasize from both NASTA and from the New Jersey council of special and rural operators that it is essential that we look at some kind of stabilized funding source in terms of the appropriations for section 18. And as a graphic that I believe you have shown, you know that we are facing this kind of a change on a yearly basis.

Thank you.

Senator LAUTENBERG. Thank you very much.

[The statement of Ms. Garber and the graph follow:]



## STATEMENT OF CONSTANCE GARBER

Mr. Chairman and Members of the Committee, my name is Constance Garber. I am the Transportation Director for the York County Community Action Corporation, a private, nonprofit agency headquartered in Sanford, Maine. We operate 16 vehicles and serve an area of 1,000 square miles including 29 towns. We depend on nearly two dozen funding sources, of which the Urban Mass Transportation Administration is one. I am appearing today as Vice-President and Legislative Chair of NASTA and I am accompanied by another NASTA Board Member, Steve Fittante from Monmouth County, New Jersey. We appreciate the opportunity to appear and share with you our views.

The National Association for Transportation Alternatives (NASTA) is an organization established by and for rural, small urban and specialized transportation providers. We represent what is increasingly referred to as the community transportation sector of transit. We have members in all but a half-dozen of the fifty states and our roster includes more than a dozen statewide associations of transportation operators. While the majority of our members serve rural areas either exclusively or primarily, we also include providers serving small urban areas and a substantial number of what are called specialized providers -- agencies serving the transportation needs of specific groups, such as the elderly or the handicapped -- and many of these operate in very large urban areas.

Community transportation is a much more significant part of the transit scene than is often recognized. It is also a growing part. I have attached to my statement a profile of this sector of transit prepared last year by the Center for Community Transportation of Rural America. If committee members are not familiar with this document you will find it interesting, and possibly surprising. I am also attaching a set of resolutions adopted several weeks ago at the 1987 NASTA Legislative Workshop. These summarize most of the concerns to which we will be speaking in this testimony.

We appear before you to lay out some very important concerns of our members and our association.

#### Section 18 Funding for Non-Urbanized Areas

Our concern of first priority has to do with the level of funding that will be made available in Fiscal 1988 for the Section 18 program of formula assistance to non-urbanized areas.

We are constantly pointing out the inequity of current funding patterns as far as non-urbanized areas are concerned. The figures are so dramatic that we don't really have to add any argument to them. Non-urbanized areas account for 39% of the nation's population but they get less than 3% of UMTA assistance! Put another way, the large urbanized areas get the equivalent of \$28 per capita in UMTA assistance while the non-urbanized areas get only \$1 per capita. Now we recognize that transit need is not just a matter of population but we would point out to you that on most of the accepted indicators of greater transportation dependence, rural areas score higher than urban areas. A higher proportion of our people are elderly, a higher proportion are poor, and a higher proportion experience a journey-to-work of more than 45 minutes. So, however you want to look at it, rural areas are not getting a fair share of transit assistance.

This inequity has not gone completely without notice. Representative Snowe of Maine has sponsored legislation which would increase very modestly the rural share of formula assistance to 5%. The budget recommendations of the Administration for Fiscal 1988, while far too low in total amount, did have the virtue in our view of also paying at least some attention to this inequity. They recommended that 5.2% of formula assistance go to non-urbanized areas. As you know, the UMTA Administrator agreed last year that the rural share should be increased.

While Congress has not yet adopted the 5% level for rural transit assistance, you did act last year to increase the rural share to 3.75% of all formula assistance by ear-marking a total of \$75 million for the Sec. 18 program. We and



our members are grateful for that response and I want to take this opportunity to again express our appreciation. But the fact is that if you rest on your laurels at this point, last year's bouquet for rural transportation is going to turn into this year's brickbat.

Even if formula assistance is fully-funded at the \$2.2 billion level authorized, a return to the old formula share for Sec. 18 will mean a 14% cut for that program at the same time that other formula assistance is going up. We plead with you to provide "hold harmless" funding for Sec. 18 in FY'88 -- with at least no more reduction than other formula programs have to accept.

As a footnote to that plea, I would like to emphasize that more than equity is at stake. Total obligations in the Sec. 18 program have exceeded \$100 million in each of the past three years -- levels made possible only by transfers at the state level of unused funding from other categories, since appropriations for Sec. 18 have been less than \$75 million in three of the last four years.

#### Implementation and Funding of RTAP, the Rural Transit Assistance Program

Our second concern has to do with another congressional response to the needs of community transportation. This is the new Rural Transit Assistance Program (RTAP), originated by this committee and established by Congress to serve as "a coordinated program" of "research, technical assistance, training and related support services" for "smaller cities and nonurbanized areas." As you know, this much-needed program was initially mandated as part of the FY'87 appropriations legislation and subsequently authorized as a continuing program in the Sasser amendment to the transit reauthorization bill that recently became law.

Over the past decade, rural transit managers have stated repeatedly that technical assistance is their most critical need. In survey after survey by consultants and researchers, rural operators have prioritized their training needs related to management and operations. But the exercises never seemed to progress beyond that stage. Thus, RTAP represents an important resource to rural operators. They have advocated for it and they want to be assured that they will benefit from it. They want to insure that this precious resource is implemented in an organized and coordinated manner. Most importantly, operators want to have continuing input into that process.

In his recent appearance before you, UMTA Administrator Stanley announced plans to distribute 85% of FY'87 RTAP funds to the states and utilize the remaining 15% for a national program in which our organization would be involved. We applaud this as a good beginning and pledge our own efforts to assure that this becomes the support resource that all operators have been needing and advocating for.

At the same time, we think it would be appropriate for the Congress to establish a formal process of reports from UMTA regarding the implementation of RTAP so that you can continue to review the program and assure yourself that legislative intent is being adhered to and that this vital resource is developing in the best possible way. At the same time, we would urge that Congress proceed to approve \$5 million in FY'88 funding for RTAP. The need is there. It is our belief that the program can be initiated promptly and that it needs to have continuity if it is to support the continued growth of the community transportation sector and the achievement of the role appropriate to and for it.

#### START - Specialized Transit and Rural Training

The third concern I want to bring to your attention is another having to do with support services for rural and specialized transportation -- in this case safety training. There has been a great deal of fine talk about safety at the highest levels of the Department of Transportation, but those of us who manage small systems find it hard to connect the words with what we see happening. Small system safety could benefit immensely from the development of exemplary manuals, training programs, and guidelines for equipment and vehicle specifications. In fact a specific effort along these lines was initiated under the sponsorship of UMTA safety staff. That effort, which came to be called "START" -- for Specialized

Transit and Rural Training, was suspended prior to completion as UMTA's attention and support went in other directions. A relatively small investment in completing the START tasks would pay large dividends in greater safety and would avoid wasting the effort that has already gone into this initiative. We urge the committee to direct UMTA, either in your report or, if possible, sooner, to reprogram such funds as are necessary to complete the START program and disseminate its results to state transportation agencies and individual small system operators across the country. Without that, as my colleague and fellow NASTA Board Member, Judy Byman of Minnesota, points out, "We're going to have more systems at risk, which ultimately is going to get down to people getting injured or killed."

#### Section 16(b)(2) Funding for Elderly and Handicapped Transportation

The Section 16(b)(2) program of federal assistance to nonprofit agencies providing transportation to the elderly and handicapped is of great importance to our membership. You might say that it is a small program helping small agencies help the most transportation needy. There are about three times as many agencies assisted under Sec. 16(b)(2) as there are receiving Sec. 18 funds. They are generally much smaller agencies but collectively they appear to provide even more trips to their constituency than the Sec. 18 providers.

Those of you on the Appropriations Committee have been very supportive of Sec. 16(b)(2) in recent years, increasing the available funding in FY'86 and then again last year. Unfortunately, the reauthorization legislation just enacted not only freezes the 16(b)(2) program at current funding levels, but puts it in direct competition with an unrelated program -- Innovative Techniques funded under Sec. 4(i) -- for even that level. Unless the 4(i) program is not funded at all, the authorized funding level for 16(b)(2) will have to be reduced from the \$35 million provided in FY'87, since that is the maximum authorized for the combination of both programs.

In view of the fact that the regular source of funding for 16(b)(2) is the Mass Transit Account, we would urge you to seriously consider providing additional support from the general fund so as to be able to continue assistance to elderly and handicapped transportation at least at the present \$35 million level.

#### UMTA/HHS Coordinating Council on Transportation

Two years ago, in an appearance before the Oversight Subcommittee of the House Public Works Committee, Administrator Stanley proposed a new mechanism to encourage coordination of public and specialized transportation. This initiative recognizes that UMTA is in a de facto partnership with other federal agencies -- especially those of the Department of Health and Human Services. UMTA provides capital assistance (particularly, in this case, through the 16(b)(2) program) to local agencies which are dependent for their operating funds on HHS programs, such as the Older Americans Act, the Social Services Block Grant program, the Community Services Block Grant program, etc. It also recognizes that the most efficient use of resources from both UMTA and HHS requires maximum coordination. The mechanism proposed by the Administrator was an interagency coordinating council and after nearly two years his vision became a reality. The Coordinating Council held its first formal meeting several weeks ago.

This mechanism has great potential. But it will not achieve its full potential unless it has real staff support. Up 'til now, it has had to depend completely on the staff assistance of a few people in both agencies, assigned this responsibility in addition to already full work loads. We all know from experience that this is not an optimum situation. As the old saying goes, "What is everybody's responsibility is nobody's responsibility."

Consequently, we urge you to earmark funds for staff support of the Interagency Coordinating Council. Ideally, that support should include funds to contract for special research work and to make sure that the Council gets the benefit of the views of local transportation providers, advocates for the elderly and handicapped, and state and local government officials. But it should also assure

some full-time staff to make sure that the Coordinating Council is more than an interagency discussion group.

#### Charter Bus Regulations

Finally, we want to say a few words about the charter bus regulations which UMTA has now published in final form. When this drastic revision in the regulations that had previously existed was first proposed more than a year ago, rural operators objected loudly that the proposal reflected no appreciation whatever of the way rural transit operates or of the realities of the so-called "market mechanism" in rural areas. Our comments had only the most minimal impact on UMTA and the final rule. Do not be misled by the two "special exceptions" that are provided for non-urbanized areas. They are not exceptions from the hassle and redtape of documenting reality in rural areas.

And they do not at all speak to the evident impossibility of convincing UMTA's privatization proponents that the service rural people need and rural operators are ready to provide will not be adequately provided by profit-oriented charter firms at costs that rural people can afford. As Sen. Harkin of this committee tried in vain to point out to UMTA last month, the "market mechanism" in which they place 18th-century faith is all-too-often a "monopoly mechanism." The final regulations simply refuse to deal with that possibility or with the possibility that there may be people out there too poor to buy conventional charter service -- which is the only thing UMTA seems to think worth protecting.

Our view is that this revision in the charter regulations is unnecessary and unrealistic. It will add immeasurably to the bureaucratic burden already borne by rural operators and -- more importantly -- it will drastically reduce the mobility of rural people. We urge this committee and the Congress to at least suspend the operation of the new regulation until the legislative committees can take a look at the issue -- hopefully a look that will not reflect the preconceived viewpoint of the UMTA product which appeared in the Federal Register last month.

#### Conclusion

That concludes our special issues of concern. I want to thank you again for the opportunity to present them to you and for the past consideration of this Committee relative to rural, small urban and specialized transportation. We hope you will find it possible to continue to support the growth of this very special part of the transit industry. Thank you.

#### **RESOLUTION ON FISCAL 1988 FUNDING OF SECTION 18**

Whereas, Section 18 of the Urban Mass Transportation Act provides operating and non-operating assistance for rural public transportation, and

Whereas, changes in the federal appropriation process governing Section 18 funding resulted in an increase from \$60 million in FY'86 to \$75 million in FY'87, and

Whereas, even after this increase, rural areas with 39 percent of the population were still receiving less than 4 percent of transit assistance, and

Whereas proposed allocations for FY'88 could represent as much as a 51 percent reduction in the Section 18 allocation, and

Whereas, a percentage reduction of that magnitude would result in the curtailment of essential public transportation services in rural areas,

Now, Therefore Be It Resolved that the National Association for Transportation Alternatives (NASTA) Legislative Workshop urges that a hold harmless position of \$75 million be taken on FY'88 funding of the Section 18 program.

### Background on Section 18 Funding

Under the Urban Mass Transportation Act, non-urbanized areas receive a fixed share of formula assistance funds through Section 18. That share is currently set at 2.93 percent in the law. Although there is increasing awareness that this figure represents an inequity, since non-urbanized areas account for 39 percent of the nation's people and for an even larger share of the elderly and low-income, the pending reauthorization legislation leaves the rural share at the 2.93 percent level.

Despite this, Congress acted in the FY 1987 appropriations legislation to reduce somewhat the inequity by ear-marking for non-urbanized areas a portion of funds "off the top" of the formula assistance appropriations. This special ear-mark combined with the regular 2.93 percent share of the remaining formula funds, gave Section 18 a total of \$75 million in FY'87 assistance. This meant an effective share of 3.75 percent of formula funding. In its FY'88 budget recommendations, the Administration suggests a similar approach to provide additional funds to non-urbanized areas "in recognition of their greater dependence on Federal assistance." The Administration's recommendation contemplates provision of a 5.17 percent share of formula funds to non-urbanized areas.

In the absence of Congressional action to again provide Section 18 with a special ear-mark off the top of the formula assistance funds, the program will face a drastic cutback from the FY'87 funding level — as much as 51 percent if only the regular 2.93 percent share were to be applied to a formula program at the Administration-recommended level of \$1.25 billion. Application of the 2.93 percent share to even the House-approved authorization level of \$2.15 billion would mean a substantial 16 percent cut in Section 18 funds to \$63 million.

### 1987 NASTA Legislative Workshop

#### Full Federal Funding for Public Transportation

##### Background:

The Administration's proposed budget for fiscal year 1988 includes recommendations that would significantly reduce overall funding for public transit assistance, including reductions in the Section 18 program.

##### NASTA Resolution:

NASTA applauds the Administration's recognition of inequities in the current allocation of federal transit assistance between urbanized and nonurbanized areas, as reflected in the FY '88 budget proposals and accompanying proposed legislation. However, NASTA does not believe it is in the national interest to reduce overall funding of federal transit programs, and therefore urges the Congress to fund these programs at their full authorized levels.

#### Implementation of Rural Transit Assistance Program (RTAP)

##### Background:

In October 1986, the Congress earmarked \$5 million in the FY '87 UMTA budget to support a coordinated program of training, technical assistance, research and related support services to rural transportation systems. This new RTAP initiative was included in the four-year transit reauthorization bill approved by the U.S. Senate in February.

NASTA Resolution:

NASTA urges members of the congressional conference committee considering the reauthorization of highway and transit legislation to include the Sasser amendment authorizing the RTAP program in the final bill. NASTA further urges the Urban Mass Transportation Administration to utilize the experience and skills represented by rural transit operators in all phases of planning and implementing the RTAP program.

Implementation of the Rural Safety Program:  
STARTS (Specialized Transit and Rural Training)

Background:

In 1985 a need was documented for training courses specifically geared to the needs of specialized and rural transit operations. The Office of Safety and Security in UMTA set up a planning committee, including operators, to assist in the development of a program. The Transportation Systems Center (Cambridge, Mass.) and the Transportation Safety Institute (Oklahoma City, Okla.), both DOT agencies, were directed to develop the base for this program. Although they have accomplished this task, last Summer all UMTA funds were eliminated for implementation of the program.

NASTA Resolution:

NASTA strongly urges that funds be reprogrammed immediately to implement this most vital program as originally intended.

Proposed UMTA Charter Bus Regulations

Background:

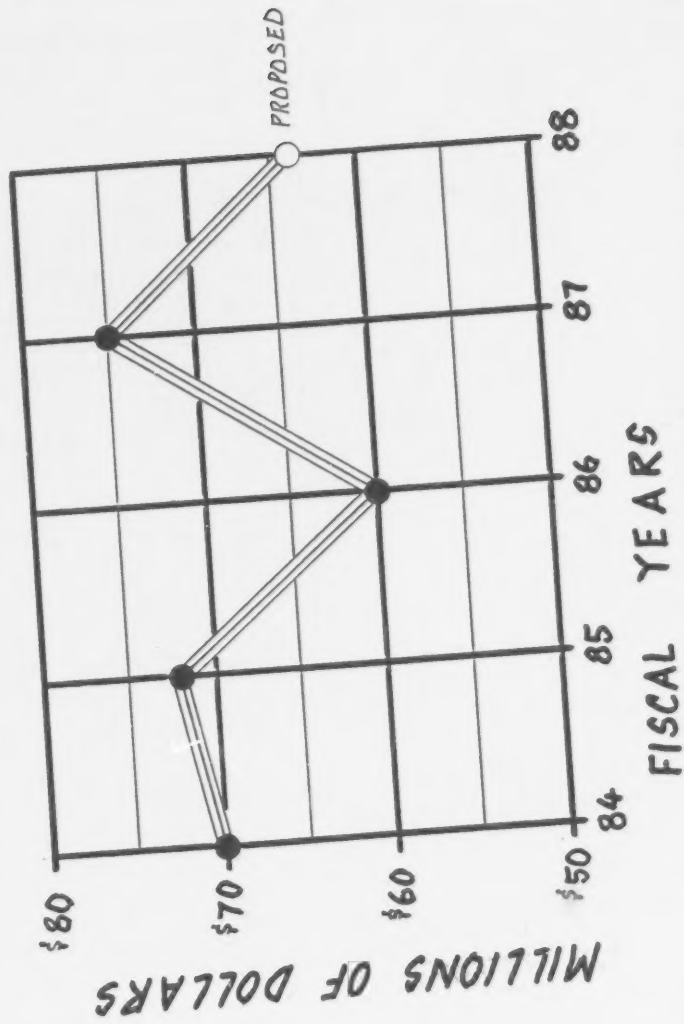
In March 1986, UMTA issued proposed regulations governing Charter bus operations of recipients of federal transit assistance. As originally proposed, the regulations would jeopardize existing transportation services provided to residents of small towns and rural areas, especially for those rural transit systems providing demand-responsive service and offering special or occasional trips to human service agency clients and other recognized as being transportation disadvantaged.

NASTA Resolution:

NASTA urges that recipients of Section 18 assistance be excluded from coverage of the proposed charter bus regulations before they are issued by UMTA in final form. It makes no sense to include rural transit systems in proposed regulations primarily designed to cover charter bus operations in metropolitan areas. Instead, to the extent that any change in existing regulations governing Section 18 operators is considered necessary, a separate set of regulations should be issued that recognizes appropriate differences in the scale, availability of private charter services, and the nature of public transit services in rural as opposed to urban areas.



# SEC.18 APPROPRIATION LEVELS (FY84-FY88)



PROPOSED FY88 REPRESENTS 2.93%  
OF \$2.15 BILLION APPROPRIATION



COLD WEATHER TECHNOLOGY PROGRAM, UNIVERSITY OF NOTRE DAME  
STATEMENT OF WILLIAM B. BERRY, PROFESSOR OF ELECTRICAL  
ENGINEERING, MANAGER

Senator LAUTENBERG. We will now hear from our other two witnesses. Dr. Berry from Notre Dame, one of the country's great educational institutions. We would invite you, Dr. Berry, to give your testimony, again keeping in mind that red lights do mean stop. At least they used to in our country. They don't seem to anymore.

Dr. BERRY. Thank you. Mr. Chairman, we appreciate the opportunity to appear before you. I am Bill Berry and beside me is Keith Kahle, the advisor to the president of ElectroCom Automation. Mr. Buzard, who is the president, could not be with us today due to pressing business in Dallas. Our purpose in appearing is to present to the committee an update in our continuing discussion with UMTA regarding the direction of effort to be undertaken by the cold weather transit technology program based on the appropriation that was made for fiscal year 1986. But we are not here to request new money. Rather we are here to request the support and help of the committee in helping us to get on with the work that we proposed to do and for which the money was appropriated.

Last year it was necessary for us to appear before the committee to ask you to clarify the appropriation to the UMTA. And this committee was very supportive in that activity and did make the clarification to UMTA.

Following that clarification, UMTA did send papers and notification of assistance approval and cooperative agreement documents to the university to be signed. However, upon review of these documents, we find that the content of the documents would seem to redirect the program to efforts other than those for which we testified for work which we thought that the Congress agreed that we should do and should accomplish.

Consequently, we are here today requesting that the committee will again help us in a clarification to UMTA just what it was that the appropriation was made to accomplish. The details of this are included in the formal statement. I won't go through them here. But again let me state the university's reluctance in accepting documents is based on the testimony given to Congress in which the very specific work program was proposed, and which in our judgment has been endorsed by the Congress. For us to proceed and be redirected by UMTA as a result of a lack of forthright public interpretation of the documents received, and conduct a different program we think would be a breach of the public good trust and faith.

Anyway, we appreciate the opportunity to appear before you again this year and request the committee's interpretation of the testimony that we have given and to assist us with a clarification to UMTA. We really think that we proposed a specific program, and we would like to accomplish that work. For us not to do that I think would be a lack of good faith on the part of Congress.

Mr. Kahle would like to add a couple of words.  
Senator LAUTENBERG. Thank you. Mr. Kahle?

ELECTROCOM AUTOMATION, INC., ARLINGTON, TX

STATEMENT OF KEITH H. KAHLE, ADVISOR TO THE PRESIDENT

Mr. KAHLE. At times, Mr. Chairman, I have got an impediment of speech. But I would like to emphasize that we Texas Baptists say amen to everything that the Irish in Notre Dame are speaking about. And I would just like to mention that Senator Bentsen and Senator Gramm are supportive of this.

And item three, I would like to mention that as the record shows, that both sides of the aisle in both houses have OK'ed this R&D. And we are unable to get UMTA to activate what you folks all have endorsed and approved. And the record is very clear as to specifically what we would do for the money. And we thank you, sir.

Senator LAUTENBERG. Thank you very much, sir. We will try to be of help, and we appreciate your coming in and being with us. Sorry that we have to cut you off so quickly. Thank you.

Dr. BERRY. Thank you very much, Mr. Chairman.

[The statements follow:]

## LETTER FROM WILLIAM B. BERRY

April 21, 1987

To Whom It May Concern:

Regarding the "Cold Weather Transit Technology Program" there exists considerable misunderstanding -- in certain areas -- as to what has been specifically approved by the House and Senate Appropriations Committees and the full Congress. The attached testimony and resolutions make very clear what has been approved --

We would especially emphasize that the two leaders of the Prime Contractor, ElectroCom Automation, Inc., of Arlington, Texas have worked closely with the University of Notre Dame since "Day One" of this Program. This special fact is true for both the original initiation of the program and its current reactivation, which has been approved by the 99th Congress.

This Research and Development effort, under the University of Notre Dame's leadership and direction, has accomplished a number of "Firsts". For example, in mid-winter of 1983 at Boston, on a MBTA test track, ice on the "Third Rail" was completely cleared in ambient temperatures of 25-26 degrees Fahrenheit at night and at a two-car train speed of about 30mph.

As a result of detailed Hearings before the proper committees of the House and Senate, the following "Research and Development" efforts have been reactivated and continued in the specific areas outlined before the Congress relating to the research and development under the CWT Program. Specifically:

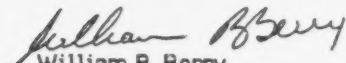
- (1) The continuation of the Program is a 'research and development' program and not a 'demonstration' program.
- (2) The research and development work:
  - A. Third Rail Deicing - dissipation of ice on steel rails using RF induction heating of the ice/rail interface to debond the ice.
  - B. Automated Unattended Heated Railroad Switch Deicer.
  - C. Local Weather Forecaster - a special design for those specific locations which have shown first freeze tendencies.
  - D. Other work as outlined in the testimony.

Copies of the testimony before the Congress follow and are self-explanatory.

Also attached are copies of amateur snapshots taken by the writer during bitter winter periods of 1984 on the AMTRAK line near Niles, Michigan, about 15 miles North of the University of Notre Dame Campus. Note that the lonesome switch is free of ice and snow although the area is covered. The "Black Box" which accomplishes this 'ice and snow clearing action' was a joint effort of this program with AMTRAK. However, it is a basic manual, remotely operated system which needs to be automated and vandalism proofed for application and test at various points across the northern tier states as well as in the Washington, DC area.

With ElectroCom Automation, Inc., and their leaders -- Robert S. Buzard, President, and Keith H. Kahle, his "Advisor" and the originator of this Program, -- we appreciate the support of the Congress for us to continue this program on a modest basis. Neither the University of Notre Dame nor the Prime Contractor have any desire to stray from their testimony before the Congress to continue this research and development program. We believe that the accomplishments to date have been good and that those to come will prove the foresight and faith placed in these efforts by the Congress.

Sincerely yours,



William B. Berry  
Professor, and CWTT Program Manager  
University of Notre Dame

## STATEMENT OF WILLIAM B. BERRY

We appreciate the opportunity to appear before this Committee on behalf of the Cold Weather Transit Technology Program. With me today are Mr. Robert S. Buzard, President, of ElectroCom Automation, Inc., and Mr. Keith Kahle, advisor to the President of ElectroCom Automation, Inc.

Our purpose in appearing today is to present to this Committee an update in our continuing discussion with UMTA regarding the direction of the effort to be undertaken by the Cold Weather Transit Technology Appropriation approved by the United States Congress through the House Joint Resolution 465 for FY 1986, dated December 19, 1985, and in the amount of \$2,500,000. You may recall that prior to the completion of the previous grant, the University of Notre Dame found it necessary to seek a new industrial partner to complete the program which was in progress. ElectroCom Automation was selected based on recommendations of the previous contractor and ElectroCom's capabilities and in depth knowledge of the CWTT Program's needs in both management and technological development. The UMTA has been informed of this fact since late 1983 both through direct communication with its program offices and testimony before this Committee and the US Senate's Appropriation's Subcommittee on Transportation.

During this time, we and this Committee have witnessed a number of interesting interpretations of Congressional actions by the UMTA. Step by step we have attempted to clarify our interpretation of what we believe the intent and will of Congress to be; and we have requested your concurrence and/or clarification of matters which, if accepted by us, would, we believe, divert the work under this program with the result that the the work approved and directed by the Congress would not be accomplished.

Following the clarifying legislation for FY-87, the UMTA has forwarded a 'Notification of Assistance Approval' to the University together with the 'Cooperative Agreement' for the University to accept. These documents were received March 13, 1987 and dated February 14, 1987. We appreciate the assistance of the Congress in helping us reach this stage in the process, however we feel it incumbent upon us to relay to the Congress the information contained in these documents and our interpretation of them. These measures may seem extreme, however, past experience dictates the necessity for caution. There are five sections of the 'Notification' which bear scrutiny. The issues involved are outlined below based on both the documents received from the UMTA and telephone discussions with both the UMTA Administrator's and Program's Offices:

A. 'We have been informed' that the Appropriation has been reduced by the appropriate Gramm-Rudman-Hollings factor for the Appropriation year, as we



expected and endorse. However, the actual amount of the \$2,343,000 represents a 6.3 percent reduction rather than the published 4.3 percent.

B. Our interpretation of the words in the 'Project Description' to 'study, develop, and test' when compared with other documents enclosed in the documents from UMTA changes the emphasis from 'Research and Development' as proposed to the Congress to one of 'Test and Demonstration'.

C. Under the 'Recipient Role' to 'conduct a project in accordance with a statement of work mutually agreed upon between the Recipient and UMTA' when compared with the alternate 'Statement of Work' included with the UMTA letter of transmittal to the University, can only be interpreted as a potentially complete, as yet unspecified, redirection program effort which does not address the matters contained in our Testimony to the Congress and, we believe, approved by the Congress in its advice to the UMTA over the past few years.

D. The 'Federal Role' differs greatly from the previous Grant and usurps the normal prerogatives of the Recipient in its management and technical direction roles. All decision making actions on program direction are reserved to the UMTA. This would in effect mean that the UMTA has made a Grant to itself.

E. The 'Special Condition' added to the 'Notification' narrowly restricts the University's contracting flexibility to a subset of the general provisions of UMTA Circular 4220.1A. Such a restriction serves only to delay the program implementation and waste some of the appropriated funds through the imposition of intermediate costly steps in the effort to get the real work underway and the erosion of funds purchasing power by inflationary pressures which we note are currently on the increase.

The University's reluctance to accept the documents as received is related to the testimony given to the Congress since 1983 in which a very specific piece of Work has been proposed for completion and which in our judgement has been endorsed by the Congress. For us to proceed and be redirected by UMTA, as a result of a lack of forthright public interpretation of the documents received, to conduct a program different from that endorsed by the Congress would be in our judgement a breach of good faith and public trust. For that reason and for the sake of brevity, we present as attachments three 'Exhibits' which we stand ready to discuss in detail at the pleasure of this Committee. 'Exhibit A' presents the 'Notification' language which we think would insure that we can proceed with the work proposed to the Congress and for which we believe Congress appropriated the funds. 'Exhibit B' is a photocopy of the 'Notification' forwarded to the University. 'Exhibit C' is a copy of the CWTT Program Statement of Work outline included in the Testimony presented to



this Committee during its deliberations during the past few years, especially for FY-86 and FY-87 legislation.

We appreciate this opportunity to appear before you again this year and appreciate the Committee's continuing interest in the CWTT Program. Our only request this year, as in last year's statement, is that this Committee again assist us in the clarification to the UMTA of the intent and will of Congress with regard to the Work to be done with the funds provided to the CWTT Program. Thank You.

Exhibit A

UNITED STATES OF AMERICA  
DEPARTMENT OF TRANSPORTATION  
URBAN MASS TRANSPORTATION ADMINISTRATION

## NOTIFICATION OF ASSISTANCE APPROVAL

49 U.S.C. § 1605  
(SECTION 6 - RESEARCH, DEVELOPMENT AND  
DEMONSTRATION ASSISTANCE)

Project No. IN-06-0018

PROJECT: Cold Weather Transit Technology

RECIPIENT: Notre Dame University  
Notre Dame, IN

ESTIMATED TOTAL PROJECT COST: Two Million, Three Hundred Forty Three Thousand Dollars (\$2,343,000)

MAXIMUM FEDERAL SHARE: Two Million, Three Hundred Forty Three Thousand Dollars (\$2,343,000)

MAXIMUM PERCENTAGE OF FEDERAL PARTICIPATION: One Hundred Percent (100%)

OBLIGATION DATE:

DATE OF SECTION 13(c) CERTIFICATION LETTER  
FROM THE DEPARTMENT OF LABOR: N/A

PROJECT DESCRIPTION:

The purpose of this Agreement is to study, develop and test methods of ameliorating operational problems associated with severe cold weather conditions on urban rail mass transit systems.

RECIPIENT ROLE:

The Recipient shall conduct the project in accordance with a statement of work mutually agreed upon by the Recipient and UMTA.

FEDERAL ROLE:

The Federal Government (UMTA) shall provide administrative and technical oversight and approval of directions of the project to be undertaken by the Recipient.  
Special Condition: With respect to selection of third-party contractors under the Project, the Recipient must seek the broadest range of potential contractors and otherwise meet the competitive procurement requirements of UMTA Circular 4220.1A.

FEB 14 1987

DATE

*Ralph Stanley*  
ADMINISTRATOR

## Exhibit B

## DESIRED MODIFICATIONS IN THE NOTIFICATION OF ASSISTANCE APPROVAL

ESTIMATED PROJECT COST: AND MAXIMUM FEDERAL SHARE:

The amount should be \$2,393,000 rather than \$2,343,000 to accurately represent the 4.3% Gramm-Rudman-Hollings Deficit reduction program. The reduction of \$107,000 was telephoned to Notre Dame by the Administrator's Office.

PROJECT DESCRIPTION:

The words "study, develop, and test", if changed to read "conduct research and development on", would more accurately represent the work proposed to the Congress. If the question were merely one of semantics and not one of prescribed programmatic formulation then such a change would not seem necessary.

RECIPIENT ROLE:

It would be clear that the work to be conducted was to be that approved by the Congress if the "ROLE" read "----in accordance with its Applications statement of work as presented to and approved by the Congress."

FEDERAL ROLE:

This statement would be in line with the previous Cooperative Agreement if it read; "the Federal Government (UMTA) shall consult, support and advise the Recipient in all matters pertaining to Recipient performance of the program and approve of any new directions suggested by the recipient and/or its contractor which represents a change in the Congressionally approved program as described in the Recipients Application."

Special Condition:

Simplify to read "The recipient must meet the procurement requirements of UMTA Circular 4220.1A." The special condition added by the UMTA is in fact unnecessary if the Recipient is to be permitted to operate within the full breadth of the existing laws and regulations.

Exhibit C

## S T A T E M E N T

## "COLD WEATHER TRANSIT TECHNOLOGY PROGRAM"

before the

Subcommittee on Transportation and Related Agencies  
 U. S. Senate Committee on Appropriations  
 The Honorable Mark Andrews, North Dakota, Majority, Chairman  
 The Honorable Lawton Chiles, Florida, Minority

by

William B. Berry  
 Program Manager - CWTT Program  
 Assistant Dean for Research and Graduate Study  
 University of Notre Dame

Mr. Chairman:

Thank you for the opportunity to appear before the committee. With me are: Dr. Walter J. Gajda, Notre Dame Technical Program Director; Robert S. Buzard, President and CEO of ElectroCom Automation, Inc.; and Keith Kahle, Advisor to the President.

My statement requests appropriations to reinstitute the Cold Weather Transit Technology Program.

This program has essentially stopped due to lack of continued funding despite the direction by Congress to the Department of Transportation/Urban Mass Transportation Administration last year.

Despite CWTT work cessation, two projects initiated by the program were continued by Transportation Agencies through the 84-85 winter period. These are the traction motor winterization modification on two cars of the Chicago Transit Authority and high energy efficient rail track switch deicing system of Amtrak at Niles, Michigan. Both of these programs continue to demonstrate outstanding performance and the merit of the CWTT Program.

In summary, this statement and its supporting documents seek the committee concurrence with this request for \$7.5 million through line item direction to DOT/UMTA in its 1986 Appropriations under Section 6, Research, Development and Demonstration Projects of the Urban Mass Transportation Act of 1964, as amended, and through funding from uncommitted Fiscal Year 1984 and 1985 UMTA Section 6 Appropriations.

In the following pages, work to be accomplished, accomplishments to date and a brief program history are presented.

Rationale:

Cold weather frost, ice and snow continue to impose hardship on those who must use or prefer mass transit for transportation to work or shopping. The resultant loss in productivity and commerce has serious impacts lowering the gross national product, and, more importantly, decreasing the competitive viability of some businesses in wintry weather affected areas.

The severe conditions which devastated areas of the nation's northern tier in the winters of 77-8 and 78-9 prompted efforts to find cost effective tech-

nological solutions for the woes which beset the transit authorities and were devastatingly reflected in the conduct of business. The Cold Weather Transit Technology Program has led in hardware development and improvement to meet these needs. The results were not white papers on trends in technology but hands-on, how to do it solutions.

#### History

In the Spring of 1979, Notre Dame joined with the Vought Corporation to propose a four year, \$20M, program for research and development of cold weather equipment for automated guideway systems in preparation for the downtown people mover (DPM) program. Congress appropriated funding, work commenced, and a series of reports resulted on complete hardware development in some areas of transit equipment operation and progress toward solutions in others.

In 1980, Congress appropriated funds for the second year. However, the new administration's diminished emphasis on the development of DPM systems resulted in an agreement to redirect the program to emphasize solutions for existing transit systems' problems under cold weather conditions. The problems were similar but the specific equipment differed in design and therefore required new design approaches.

The initiation of this redirected program required establishing confidence on the part of the transit properties and industries that the program would be a cooperative one. That this has been successfully accomplished is indicated by: cooperation and contributions to the program of equipment and services by numerous industrial equipment suppliers; personnel effort and equipment contributions by several transit authorities, and personnel effort and equipment from DOT/Transportation Systems Center.

The second phase of this work has been carried out and is documented in Appendix A. Some of the equipment hardware solutions are complete and either being implemented or ready for implementation by the Transit Authorities and their suppliers.

In May of 1983, a meeting of transit and rail representatives was held to discuss the progress made by the CWTT Program and to obtain their recommendations. Major Transit Authorities sending representatives included:

|                      |                        |
|----------------------|------------------------|
| CTA (Chicago)        | WMATA (Washington)     |
| MBTA (Boston)        | AMTRAK (Chicago)       |
| NYCTA (New York)     | CONRAIL (Philadelphia) |
| SEPTA (Philadelphia) |                        |

Participating by mail were GCRTA (Cleveland) and PAT (Pittsburgh).

Also in attendance were representatives of DOT/Transportation System Center (Boston) and DOT/UMTA (Washington).

The product of this conference has been used to focus the proposed continuation work upon the Transit Authorities' priorities. This work was proposed before this committee last year and an application submitted to the UMTA. Action has not been taken to date on the request for the \$7.5M continuation funding.

The section which follows focuses on four of the seven principal activities in need of continuation work which can be accomplished within the framework of the proposed continuation funding.

#### Work to be Accomplished:

The following list represents work of interest to the Transit Authorities and on which research and development progress has been made, but which also requires further research and development before marketable products can be produced which have the confidence of those who maintain and operate the transit systems for the public:

1. Third Rail Deicing by Radio Frequency (RF) Induction.

2. Elimination of Spurious Electromagnetic Noise Effects on Electronic Controls.
3. Local Ice and Frost Formation Prediction and Sensing.
4. Improved Ice-shedding Materials for Third Rails.
5. Mechanical Ice Scraper System Design Improvements.
6. Track Switch Deicer Systems.
7. Catenary Power Distribution System Winterization.

The complete description of these efforts was provided to the committee at the time of submission to DOT/UMTA, in part, as a special program report to Congress. Space permits discussion of four of them here. In all cases, the proposed solution bring new high-tech application improvements to old technologies.

#### A) Track Switch Deicer Systems:

This problem continues to be one which plagues transit authorities and railroads. To date the CMTT Program has worked with MBTA and AMTRAK concerning this problem. The insulated rail installation in Boston resulted in a 64% energy saving. Switch heater tests in a cold chamber indicated significant savings using more conventional insulation covered heaters on switches. Comparative performances have borne out these results in field tests conducted on AMTRAK switches in Niles, Michigan.

While these tests have been successful, the operation consists of having the system on in the fall and off in the spring. There is a need to develop weather dependent sensors and controls to implement energy saving techniques and cost effective management. Today's technology can provide these control systems and the transit properties and railroads will accept them if they have been appropriately tested and certified for safe use in the public domain. To accomplish this, accelerated testing will be conducted at the Transportation Test Center at Pueblo, CO and at well chosen sites with specific different winter weather profiles. These include the blizzards of North Dakota, New England ice storms, great lakes-lake effect snows and high country rapid freeze thaw cycles.

#### B) Third Rail Deicing by Radio Frequency Induction

This project continues to be the most imaginative of new applications development of old technologies. The advantage of this technology is that the energy is induced in the rail surface - right where it can do the most good. A new discovery of our work is that the induced energy is attracted to interface where the ice melts and debonds for easy removal. This is truly a "best of all worlds" application - one of those rare instances where nature works with you.

Laboratory element tests to date have proven ice removal at speeds up to 27 mph. Remaining work includes design and test of the prototype, system cost reduction and size reduction through new modern solid state power supply designs, noise generation test and shielding and implementation of uniform rail-heating design techniques. Again TTC at Pueblo, CO provides the ideal test facility where the prototype can be proof-tested and certified prior to operation on revenue service transit property.

#### C) Improved Ice Shedding Materials for Third Rail

This area on research and development focuses on an alternative means of decreasing ice and snow adhesion to third rails. Decreased adhesion means easier removal, by simple brushing in some instances. The concept has been demonstrated in the laboratory as a material with a quasi-teslon like quality, since ice does not adhere to teslon. The goal is to develop a material which has wear characteristics like steel, electrical contact and conduction properties similar to third-rail materials currently in use, and iceophobic (ice shedding) characteristics. Tests on a copper webbing provided by Imperial Clevite have shown these characteristics. The continuation work would include stainless steel. Development work at Pueblo would include coating a section of

rail with this material to test its mechanical, electrical and iceophobic properties. Following test data verification and developing a technique for coating rails in the field, a section of rail in use by a Northern Transit Property will be prepared for in-service operational tests.

#### D) Local Ice and Frost Formation

There are two aspects to this problem: the first is the prediction that the conditions are right for ice or frost formation, and the second is the actual sensing of ice and frost formation. Both pieces of information are useful and necessary.

Prediction that favorable conditions for ice or frost formation exist enables the transit operator to prepare for the system interruptions which will occur when formation actually happens. Having sufficient warning to prepare or to take precautionary protective action avoids, in large measure, the service delays and interruptions which result. The system to be designed and placed in service for this part of this task is intended for those locations on a transit or rail system where ice formation has been known to occur most frequently or, on new installations, where it is predicted to be most troublesome.

The system for sensing ice formation is an on-board sensing system which measures the noise generated due to electrical energy transfer from the rail to the vehicle. The character of the noise changes in a measurable and predictable way when frost or ice begins to form. Measurement of this change is readily made and can be used to advise the vehicle operator or central system operator to initiate ice frost countermeasures.

The system concepts for these two systems have been studied and are ready for element testing and adaptation for system tests. Element and prototype testing would be accomplished on LTV's 18 ft Rotating Drum Facility and on a special vehicle at the Transportation Test Center in Pueblo.

#### Accomplishments to Date:

The CWT Program accomplishments to date are presented in Appendix A and will not be discussed in more detail here. The work discussed above represents the implementation of the recommendations contained in Report UMTA-IN-06-0009-83-1 from which the Appendix was copied.



## STATEMENT OF ROBERT S. BUZARD AND KEITH H. KAHLE

Mr. Chairman, our statement today is much the same as it was in 1985 and 1986 before this Honorable Committee. Our statement is strongly in support of Dr. William B. Berry, Ph.D., P.E., Program Manager, Cold Weather Transit Technology Program, and Professor, Electrical Engineering, Electronic Materials, Energy Conversion, Department of Electrical and Computer Engineering, University of Notre Dame. ElectroCom Automation is in complete support of Dr. Berry's statement, as he speaks for Notre Dame University and its highly talented engineering department before this Committee. We would also ask this statement be made part of the official record from Robert S. Buzard and Keith H. Kahle.

Mr. Chairman and members of the Committee, since we have presented much of the same information in 1983, 1984, 1985 and 1986 to this Committee, we have taken the liberty of including in our joint statement filed this date the statements made by the University and companies since 1983 and of the findings of this Committee and the Congress.

To over simplify, the Congress of the United States, as a result of the December 1986 findings of this Committee and a like Committee on the Senate side, again approved the funding for the continuation of the "Cold Weather Transit Technology Program" and the words are attached to this statement.

You will note, Gentlemen, the Congress of the United States on both sides of the aisle have strongly approved and its leaders, by letter, have advised the proper people at the Department of Transportation of the need to "continue and activate" the program as directed to be continued. This has not been done.

Since last we met to review this matter, we estimate the two of us have flown approximately 48,000 to 50,000 miles back and forth from DFW Airport to National Airport attempting to interest those in authority to follow the will of the Congress on this matter as directed. We have totally failed and, frankly, so has this Committee, to get UMTA to do as directed by this Committee and the Congress. Again -- we seek your active "Now" help. We need "Now" help so we can get started for winter R&D at Pueblo, Notre Dame, and elsewhere.

Quite frankly, we at ElectroCom Automation and Notre Dame, as well as this able Subcommittee, have been unable to get the Department of Transportation/UMTA to activate the "will" of the Congress of the United States as "directed."

Mr. Chairman, this plastic bound booklet has in one volume the major testimony made before this Committee on the "Cold Weather Program" and also contains "the words" of support on both sides of the aisle in both houses and on the floor, which has directed the Department of Transportation and UMTA, headed by Mr. Ralph Stanley, to activate the "will" of the Congress of the United States.

"The will" and the fact Congress has directed the Department of Transportation to continue this worthwhile program has for all practical purposes been totally ignored.

Whether you are from Florida, Pennsylvania, Oklahoma, Oregon, Texas or any of our 50 states, it is obvious the rejection of what the House/Senate has passed on this matter has been and is being totally rejected by the top officials of the Department of Transportation in spite of a letter signed by the House leaders on both sides of the aisle and sent to the proper people last year. In addition -- a similar letter was sent by the former able Republican Chairman of the U.S. Senate Subcommittee on Appropriations-Transportation.

Even though it is in the record, we would like to remind this Honorable Committee of just a very few of the many highlights accomplished in 1984 as a result of this program. I will summarize:

1. In mid January of 1984, on a railroad test track of the Boston Transit System, this program completely dissipated ice on the steel rails at temperatures around 24 - 26 degrees Fahrenheit at a speed of approximately 30 miles per hour of railroad tracks. Although the equipment was cumbersome, this is the first time this has ever been accomplished in the free world. This was a brilliant first step supervised by Notre Dame's engineers. We are of the firm view, with the active cooperation and followup of this Committee, this can be greatly improved. We request your help to continue this program, starting "Now" to prepare for 1987/88 winter research.

We cannot resist mentioning here as a reminder to all who work in the nation's capitol, ice and snow came to Washington, D.C. in huge amounts, stopping many of the activities of the Congress and the city. According to the Washington Post, about 38% of the Metro System was inactive as a result of the two wicked snow storms. It should be noted we have been totally unable to get various details of the extent of the snow storm from the Metro System. Mr. Kahle has made written request for details and is still waiting for "full answers."

2. At Niles, Michigan, which is approximately 15 miles northwest of the Notre Dame campus on an Amtrak line from Chicago to Detroit, as a result of past R&D work of this program, a key railroad switch was kept open and free of ice and snow, as the attached pictures show, during the winter of 1985 and most of 1986, when it was damaged by vandalism. This is a situation which, of course, can be corrected and will be corrected if the program continues. The method developed in this program kept the switch open and "unattended" by man. Mr. Chairman, and members of the Committee, this switch operated automatically -- on and off -- in temperatures above and below freezing. We have proposed and are proposing we make the switch "vandalism proof" and 10 to 15 of these switches be installed at various key points over the nation in time for 1987-88 winter conditions. Of course, they would be made vandalism proof. We have in mind some switches in massive switching yards in the Chicago, South Bend, Philadelphia and Boston areas.

3. We propose to refine what Mr. Kahle refers to as a "Back Yard Weather Forecaster" which will forecast adverse weather with moisture "in your own back yard." The advantages of this are obvious. Notre Dame engineers and scientists are of the firm view this can be done. ElectroCom Automation concurs.

Mr. Chairman and members of this Committee, we want to emphasize two more facts:

1. Originally, \$5 million was approved for this program. However, in keeping with the President's nationwide request in 1986, on our own volition, Notre Dame and ElectroCom Automation proposed to cut the \$5 million in half. These are the dollars you have had approved which Congress has approved, but which UMTA has seen fit to totally ignore up to this hour.

2. Mr. Chairman, Notre Dame and ElectroCom Automation have outlined in previous testimony specifically what we want to do for the \$2½ million and we have no desire to add or delete from said statement of work as applied to the \$2.5 million which has been approved by the Congress. We would like to expand our "Statement of Work" with funding, should you see fit. However, we have no intention of straying into the possibility of "iceless transportation" on rail in the distant future. In meetings, the engineers have

toyed with various approaches to "iceless bridges" -- same is tabled -- for today!

Mr. Chairman and members of this Committee and your able staff, we deeply and sincerely appreciate your continued interest and we have to end up, Gentlemen, by saying ... HELP, HELP, HELP, HELP! We are unable to get the DOT and, specifically UMTA, to activate your will and perform as "directed" as related to the tasks in testimony as applied to the reduced funding from \$5M to \$2.5M, which was suggested by Notre Dame University and ElectroCom Automation.

We close again, Gentlemen, asking for ... HELP, HELP, HELP!

#### GEORGETOWN UNIVERSITY

#### STATEMENT OF WILLIAM L. GEORGE, S.J., ASSISTANT TO THE PRESIDENT OF GEORGETOWN UNIVERSITY FOR FEDERAL REGULATIONS

Senator LAUTENBERG. Now we are going to hear from Rev. George. Is Rev. George here? And I would ask if Mr. Jim Snyder of the RLEA would come to the table, Ross Capon. Ross, are you here? Yes. And if we have any more room, we would ask also Mr. Griffin, Mr. Richard Griffin, Jr., if you are here.

Father, we are going to surround you with believers.

Father GEORGE. Thank you, Mr. Chairman.

Senator LAUTENBERG. Why don't we leave that side clear for Mr. Snyder, if you would. Oh, OK. Jim always gets a center, front row seat. I don't know how he arranges that, but he has got pretty good influence around here.

Father GEORGE. This might be the first time a Georgia Bulldog and a Hoya sat next to one another.

Senator LAUTENBERG. We ask you both to give each other some dispensation here. I know Jim Snyder. I am not suggesting he needs it, Father, but you know, none of us are perfect.

I would ask each one of you please to give your testimony in very brief form. I hate to do it to you, but we are way over time here. And we would ask as a start if you, Father George, would give your testimony. Try to keep it confined to within the 5 minutes for which this timer is set.

Father GEORGE. Thank you, Mr. Chairman, members of the committee and staff. I am Father William George, assistant to the president of Georgetown.

I want to thank you for supporting the fuel cell battery bus program last year, and would ask the committee to appropriate \$1 million toward the fiscal year 1988 part of the program.

The goal of the program is to end up in 2 or 3 years with a small fleet of buses in a trial operation. The departments of Urban Mass Transit Authority and the Department of Energy have got their basic

agreements drawn. We are waiting for the UMTA funds, but they said they will.

And as the Congress had suggested, the program should require matching funds. And the procurement that went out did require of the bidders that they provide matching funds for the federal funds involved. We had over 40 companies request information for the procurements. And there are some major, major companies. So, it is going well, and we would ask the committee to give us support this year.

Thank you, Mr. Chairman.

Senator LAUTENBERG. Thank you very much. That's a good statement.

[The statement follows:]

## STATEMENT OF REV. WILLIAM L. GEORGE

Mr. Chairman and members of the committee, I am Father William L. George, S.J., Assistant to the President of Georgetown University. I would like to thank you for the opportunity to testify and for your support in past years.

We are making substantial progress with our stepped program to develop a fuel cell/battery powered electric bus system in association with the Department of Transportation U.M.T.A and the Department of Energy. We would request \$1.0 million in FY 88 as the Transportation portion.

A panel of experts assembled by these departments agreed that the potential benefits of using fuel cells in buses are so valuable that useful development is called for. This hybrid bus system is considered the first step in the development and use of fuel cells, utilizing alternative energy sources (methanol or other biomass produced fuels) for general transportation. Applications will eventually include vans, trucks, locomotives and, as the technology advances, stimulated by this pilot program, use in electrically powered, noise and pollution free, private automobiles. This electric auto may also be the first step in the long awaited introduction of the automated highway.

A program plan has been prepared by the government which calls for a carefully phased development of a small fleet of fuel cell/battery powered buses in a trial operational service.

The program that is envisioned would take place over four years and result in pre-commercial production of operational fuel cell buses. The first year, which has been funded with FY 87 funds, when completed will result in the conceptual design and trade-off studies of the system and the development of the laboratory brassboard test system by the industry, government and university team put together to carry out this program. I would ask the committee to provide \$1.0 million toward the \$2.6 million needed in FY 88 to design the proof-of-concept fuel cell/battery powered propulsion system which is to be installed in the test bed bus and to complete testing of the laboratory system. The subsequent phase will complete the integration of the fuel cell/battery propulsion system with the test bed bus and demonstrate this uniquely powered bus system over an actual transit route. The next step provides a small fleet of buses for operational service.

The joint Department of Energy and Department of Transportation Plan has broken the program into three funding areas. One for the industry Systems Integrator who will put the system together using an industry team which is being assembled during the first phase, and one each for contract management and technical management. Georgetown University will provide the contract management and the Argonne National Laboratory will provide the technical management. In carrying out our responsibilities, Georgetown University will use the expertise of the University of Florida and the University of Alabama, where valuable work has been carried on in areas relating to this program.

The FY 87 contract for the systems integrator is for approximately \$1.2 million and the other areas are funded at approximately \$600,000. The procurement requests that the contractor agree to cost share and ask the respondent to indicate the percent of cost sharing he will provide. Significant interest was expressed when the project was advertised. There were over 40 responses for the Systems Integrator RFP.

We ask the committee to continue to support this project which should be completed no later than 1991, and possibly earlier as the technology will permit. The goal is to have a commercially viable fuel cell/battery transit bus program when this project is completed in a few years.



On behalf of our President, Rev. Timothy S. Healy, S.J., thank you for your generous support and for this opportunity to testify.

#### MAJOR MILESTONES

##### FUEL CELL/BATTERY BUS PROGRAM - (ACCELERATED SCHEDULE)

| <u>Phase I</u>                                                                                          | Start January 1987 |
|---------------------------------------------------------------------------------------------------------|--------------------|
| o Complete Selection of Systems Design and Integration Contractor                                       | Sept 1987          |
| o Complete Conceptual Design of Fuel Cell/Battery Propulsion System                                     | Oct 1987           |
| o Complete Trade-off Analysis & Systems Design of Fuel Cell/Battery Propulsion System                   | Feb 1988           |
| o Complete Fabrication of Proof of Concept Fuel Cell/Battery Propulsion System                          | Sept 1988          |
| <u>Phase II</u>                                                                                         |                    |
| o Complete Development & Laboratory Dynamometer Evaluation of Fuel Cell/Battery Propulsion System       | Dec 1988           |
| o Complete Design of Bus Modifications and Integration of Fuel Cell/Battery Propulsion in Prototype Bus | Jan 1989           |
| o Complete Modifications and Integration of Propulsion System in Prototype Bus                          | Sept 1989          |

#### RAILROAD LABOR EXECUTIVES' ASSOCIATION

##### STATEMENT OF JIM SNYDER, CHAIRMAN, LEGISLATIVE COMMITTEE

Senator LAUTENBERG. Next we have Mr. Jim Snyder. Jim, you are up.

Mr. SNYDER. Thank you, Mr. Chairman, members of the committee. It is always a pleasure to appear before this committee on behalf of the Railway Labor Executives' Association.

As requested, we will keep it just as brief as possible, and I will just elaborate on two or three real key points here.

First of all, rail labor has always, since the beginning of Amtrak, along with good Congressmen and Senators who could see the foresight, have kept Amtrak going. And we have enjoyed doing this over the years. It has not been easy even though the administration in the last few years has put the Amtrak situation in sidetrack, as we call it in railroad language, and lots of switches hoping to sell it off to someone. And there is no buyer.

We are opposed to the privatization. It is just another way to get rid of Amtrak. We support the full funding as always to keep Amtrak going as we have in the past.

And also, two or three points here that Mr. Claytor I am sure, when he testified before your committee, pointed out to the committee the savings in which we have been very much involved. Rail labor has and made a lot of sacrifices, changes in their contracts here. In fact, we are even being rated. We made so many changes we are being rated by another strong organization to take over our contract to help Amtrak along and cutting their finances. Under the present contract, they are required to work longer. We are now being told some of the engineers are being required to work up to 12 hours in that engine. So, we will watch this. These are just recent contracts. So, these are the sacrifices we have made.

Now, they are asking labor to make a couple more key sacrifices, that is to take them out from Amtrak—employees out from under the Railroad Retirement Act which really does not address it, but they do in the appropriation here. That addresses itself to other committees—laws that have to be changed. This would be a disaster because we already have problems with the rail safety—I mean, with the Railroad Retirement Act now. And to take out approximately 23,000 out from under it and place them under Social Security, we are vigorously opposed to that approach.

The other approach is taking them out from under the Federal Liability Act, which has been on the books for many years and has worked very successfully in fair settlements and all, and to place it under the workmen's compensation in each state which would not work. Those things we are opposed to. Mr. Claytor—he is my old boss. He is doing a good job over there, but we wholeheartedly disagree with him on these approaches.

Mr. Chairman, we stand available at any time—the railroad labor and our people—to help you and your staff on this. And thank you again for the opportunity to appear before your committee.

Senator LAUTENBERG. Thank you very much, Mr. Snyder. You know this Senator and the state that I represent well enough to know that Amtrak is going to keep on rolling, that we are going to do it not simply because the jobs are critical that it offers, but because of the valuable service that Amtrak offers that the essential part of the transportation scheme that permits this part of the country and many other parts of the country to move with. If we had to rely on airplanes or we had to rely on cars, we know very well we cannot accommodate what we need in either one of those avenues.

So, we might be looking at ways to enhance Amtrak's revenues within the structure of Amtrak as it exists. But there is no way that Amtrak will be sold or closed at least not as long as those of us who understand the role that Amtrak plays in our transportation network sit here.

Mr. SNYDER. Thank you.

[The statement follows:]

## STATEMENT OF J.R. SNYDER

Mr. Chairman and Members of the Subcommittee:

My name is J.R. Snyder. I am Chairman of the Legislative Committee of the Railway Labor Executives' Association and National Legislative Director of the United Transportation Union. My office is at 400 First Street, N.W., Washington, D.C. I speak to you today on behalf of the RLEA and its members who are the chief executive officers of all of the standard national and international railway labor organizations representing virtually all of the contract employees of the Class I railroads in the United States as well as the contract employees of Amtrak.

I present this statement in support of the full funding of Amtrak for FY 1988. The RLEA is totally opposed to the proposal of the Administration that Amtrak be "privatized", its participation in the federal budget reduced to zero, and its Northeast Corridor properties be sold.

Amtrak has been a major target of this Administration since the early days of David Stockman's tenure as Director of the Office of Management and Budget. The Congress has consistently refused to accede to the short-sighted demands of the Administration that Amtrak be destroyed. The latest ploy in the Administration's search for a method of eliminating Amtrak is "privatization".

Now the Administration would "privatize" Amtrak by selling its property, assuming one could find any buyers, and by again proposing a zero budget for that carrier. Zero budgeting for Amtrak has been rejected a number of times by the Congress as it would mean an immediate cessation of all Amtrak operations. It was a given when the Amtrak legislation was enacted in 1970, and it is a given today, that railroad passenger service is not and cannot be an overall profitable operation. Amtrak was created as a "for profit" corporation but never was it thought by anyone

connected with that legislation that federal subsidization would be temporary and that the system eventually would be viable as a wholly independent entity.

Zero budgeting would mean the loss of some 23,000 railroad jobs in 44 states (21,300 on Amtrak and 1,700 on other railroads), not to mention the loss of an unknown, but obviously quite large, number of jobs with Amtrak suppliers and others dependent upon the existence of Amtrak. Many of these Amtrak employees gave up years of seniority with freight railroads to take jobs with Amtrak.

The Amtrak employees, unlike the employees of Amtrak suppliers, would have the protection provided by the Congress when it created Amtrak. This provision of employee protection by the Congress is an obvious indication that the Congress never intended Amtrak to cease functioning because it had not become profitable. Should Amtrak cease functioning as a result of zero budgeting or for whatever reason, the protection provided by Congress would become effective and would cost approximately \$2.2 billion, \$182 million of which would be in the form of payments by the nation's railroads to their affected employees.

Since Amtrak would have no revenue, the employees would seek their protection from the \$3.2 billion in the assets of the company. However, since most of those assets will be scrapped, the employees will have little alternative but to turn to the Congress or the courts for the just resolution of their claims.

The direct effects upon employees, serious and extensive as they would be, are almost minor when compared with the extensive adverse effects to other elements of the public interest which would be occasioned by the cessation of Amtrak operations.

Loss of Amtrak would injure our national defense capabilities by depriving this country of some 70,000 coach seats and 6,000 sleeping car berths, 75% of which could be made available at any point in the United States on 48 to 72 hours' notice.

Loss of Amtrak would deprive twenty million (20,000,000) annual passengers of passenger train service and over 500 communities of that service, 40 of which communities have no alternative public transportation service, and 23% have no air service alternative.

The most seriously affected by this loss of service would be those in the lower income brackets and the elderly. Two-thirds of Amtrak's revenues are from non-corridor operations paid for by families earning less than \$20,000 a year (36%) and people over 55 years of age (also 36%).

What would happen in the Northeast Corridor, assuming the United States couldn't sell it for passenger operations, is obvious. The various commuter authorities which now pay Amtrak \$80.2 million of the \$237 million required to operate the Northeast Corridor would have to increase their payments by an additional \$156.8 million in order merely to keep their commuters moving to and from work; and we are talking about more than 40 million commuters annually. If one includes the New Haven-Boston segment of the Corridor, the additional annual cost paid by state authorities would rise to \$204.7 million.

Given these additional costs to the various state authorities, it would seem highly unlikely that any of them would be willing to take on the even greater financial obligations of some \$242 million a year in subsidies and an existing federal debt of \$2.5 billion. Certainly, we can think of no one else who would want to take on that sort of a burden by purchasing the Corridor.

It is undisputed that Amtrak has performed and will continue to perform a valuable public service. Amtrak's reliance on government support is steadily diminishing. Its revenues are at a record high as are its total passenger miles per train mile. Its total passenger miles in 1986 were 5 billion, the highest in its history. It continues to be innovative in its search for more and better ways to serve the public.

Amtrak has begun to take over the train and engine crews of other carriers to perform Amtrak operations and its Labor/Management Productivity Council continues to function through seven regional committees across the United States looking for ways to identify and methods of increasing revenue, reducing expenses, improving labor/management communications and improving employee morale.

The employees of Amtrak have made, and continue to make, great sacrifices in order to keep that railroad in operation; but there is a limit to what they reasonably can be asked to give up. In recent testimony before this and other committees of the Congress, Amtrak President Claytor has indicated that Amtrak could save some money by taking even more from its employees. Mr. Claytor would deprive them of the benefits of the Federal Employers Liability Act, the Railroad Retirement Act and the Railroad Unemployment Insurance Act.

Mr. Chairman, we cry "enough". The FELA has long been the only real safeguard employees have had; employees who work in one of the world's most dangerous occupations. Placing a given amount upon loss of an eye, a leg, a life, a finger and a foot would permit the railroads to cost out human suffering against safety. We know who the losers would be in that equation.

The removal of Amtrak employees from the Railroad Retirement System might very well spell its demise. Unless the Congress is ready to do away with that system and the railroad unemployment insurance system which we sincerely believe it is not, these schemes for saving a relatively small amount for Amtrak at great cost to its already over-burdened employees should be summarily rejected.

The Congress decided in 1970 that this nation should retain rail passenger service from coast to coast. The justification of that decision has been proved by the quite successful existence of Amtrak.



While the Administration talks about various items of revenue which could be added to the budget by removing Amtrak from the scene, it does not tell the Congress the cost in money - which may very well far surpass any monetary savings to be made - nor the hardship which will be visited upon the citizens of this country in all walks of life and in at least 44 states if Amtrak is eliminated.

"Privatization" is a new buzz word in this city. The Department of Transportation is even "privatizing" mass transit bus operations which, of course, can only end in disaster for those who utilize bus mass transportation service or with the federal government paying even greater operating and capital grants to private companies to keep them in business at a profit. We oppose such counterproductive efforts by the Administration. We also ask that the operation and capital assistance fund be maintained at present levels at the very least.

We strongly support the continued operation and expansion of Amtrak and the maintenance and expansion where required of our mass transit systems. We vigorously oppose the Administration's attempt to obliterate Amtrak from the national scene and cripple mass transit.

Thank you for the opportunity to express to you these views of the Railway Labor Executives' Association.

#### NATIONAL ASSOCIATION OF RAILROAD PASSENGERS

##### STATEMENT OF ROSS CAPON, EXECUTIVE DIRECTOR

Senator LAUTENBERG. Ross Capon. Ross, we invite you again to keep your testimony short and look forward to your comments.

Mr. CAPON. Thank you, Mr. Chairman, and thank you for your strong record of support for balanced transportation. We appreciate that very much, including the tone of your comments during the earlier hearings this year.

We strongly support the continued improvement and expansion of Amtrak and oppose the President's proposal that would do the opposite. We think the old saw, "If it ain't broke, don't fix it," fundamentally does apply to Amtrak which in fiscal 1986 generated a record number of passenger miles nationwide, over 5 billion, the highest level in its 15-year history, and the fourth consecutive year in which passenger miles rose. And also in fiscal 1986 commercial revenues covered 62 per-

cent of Amtrak's costs. This was the fifth consecutive year in which this ratio improved.

Amtrak needs to continue its capital investment program if that ratio is to continue to rise and if service quality, which has faltered in the wake of fiscal 1986 budget cuts, is to be restored. I might say service reliability as well.

Briefly on page 4 of my statement I refer to transit. I would disagree, of course, with UMTA and say that the fact that there are middle class people or people who can afford alternatives on transit systems is nothing to apologize for because if a transit system is capable of only attracting those who have no alternative choice, then the chances are that the quality of that service is very low. And you are, I'm sure, well-familiar with those arguments.

We strongly support commuter rail as a way to provide quality public transportation to the suburbs at low cost in terms of both capital dollars and environmental problems. And we very much appreciate your interest in the Atlantic City line which will include commuter rail service. We appreciate your work both because of the important service it will provide to the communities it serves and because of the demonstration value which we feel that project has. And we similarly support the 18-mile St. Louis light rail project just as enthusiastically as Mr. Stanley has attacked it. The need for public money for Amtrak and transit must be seen in light of both present and historical public policies which benefited the highway and airway systems. More than \$13 billion a year from nonuser sources is spent on our highways. Most of this is not federal money but federal policies strongly encourage it. One of those policies is the federal tax bias against employee-provided transit passes and for employee-provided parking.

Since we appreciate all of your work, I will cut it off there and let you catch up.

Senator LAUTENBERG. Thanks very much, Ross. We will move quickly. Thank you for your testimony. You know it will be fully in the record. We are very interested in what you have to say.

[The statement follows:]

## STATEMENT OF ROSS CAPON

We appreciate this opportunity to present the views of our non-profit, consumer-oriented association. We also appreciate this subcommittee's longstanding record of support for Amtrak and for mass transit.

We strongly support continued improvement and expansion of Amtrak service and oppose the President's proposal which would eliminate Amtrak funding and thus Amtrak service. In sharp contrast to President Reagan, we believe that, while Amtrak is not perfect, the old saw, "if it ain't broke, don't fix it," fundamentally does apply.

## AMTRAK IS GENERALLY ACKNOWLEDGED TO BE HEADING IN THE RIGHT DIRECTION

The best evidence that Amtrak is on the right track includes Amtrak performance statistics; a recent report by a conservative Canadian "think tank"; and, ironically, comments by President Reagan's own Federal Railroad Administrator, John H. Riley.

In FY '86, two key Amtrak performance records were the best ever:

- o Amtrak generated 5.013 billion passenger-miles nationwide, the highest level in its 15-year history, 10.1% above FY '84 and 2% above FY '79 (when there were gasoline supply problems and more Amtrak route miles). This was the fourth consecutive year in which Amtrak passenger-miles rose.

- o Commercial revenues covered 62% of Amtrak's costs--up from 58% in FY '85. This was the fifth consecutive year in which this ratio improved.

After listening to members of this subcommittee praise Claytor at your Mar. 5 hearing, Riley said: "I want to echo in spades everything that's been said about Graham Claytor. He's done a marvelous job at Amtrak. He has run it like a railroad, and that is what is really needed."

Riley has also praised the Northeast Corridor (NEC) in particular--at a public ceremony Oct. 1, 1985, almost a year after the President first submitted a zero-funding proposal. Riley said, "This project is a combination of foresight and good management. This is now the 5th fastest corridor in the world."

The best indication that Riley himself doesn't believe a zero budget is good policy is his repeated testimony that he and Secretary Dole initially recommended \$478 million for Amtrak in FY '88, not zero.

---

In a 1986 report, "Minding the Public's Business," the Economic Council of Canada's analysis of intercity rail passenger service included this statement: "VIA Rail Canada Inc. was created mostly because of concerns over subsidies to rail-passenger services; yet payments to cover VIA's operating losses have continued to mount. Revenue per passenger-mile has not kept pace with the growth in cost per passenger-mile, which almost doubled between 1980 and 1985. It is interesting that, by contrast, Amtrak--VIA's U. S. counterpart--has had considerable success in bringing its costs under control. Amtrak's revenue-to-cost ratio increased considerably between 1980 and 1985."

## DOT AND "PRIVATIZATION"

A zero budget would end these positive trends--and end the system. "Privatization" of the NEC is a smokescreen for shutting down the system. Ever since President Reagan first called for zero Amtrak funding, DOT officials have squirmed uncomfortably on this issue.

- o At a Feb. 21, 1985 Senate hearing, Secretary Dole said zero funding would not end the service: "I do believe that creative methods will be devised. I'm confident that the NEC especially will survive." She also belittled the significance of Amtrak's NEC capacity, saying that, if the trains did stop, the airlines could "absorb" Amtrak's business.

o By April 23, 1985, when she spoke before a House Energy & Commerce subcommittee, the Secretary had lost confidence in "creative methods." She said the possibility of a private takeover "was one of the things we wanted to look at early on and I think, in the time that has intervened, we have had a chance, really, to focus on that. I don't think realistically that is likely to happen. Now, the Auto Train aspect is one part that could produce some interest...but I don't want to overemphasize that aspect because I do not think, in looking at this in detail over the last few months, that that is really likely to happen." She also talked about all the empty airline seats in the NEC, but committee members replied that they did not observe empty seats at times when they wanted to travel.

o Enter the "privatize-the-NEC" concept in late 1986, even though no new evidence had emerged to invalidate the Secretary's April, 1985, testimony. Moreover, on Dec. 20, 1986, The Washington Post reported that the Department of Transportation "attempted to derail White House efforts to sell Amtrak's NEC, attacking the Office of Management and Budget in a highly unusual letter that almost immediately became public....[Deputy Transportation Secretary James H. Burnley IV] expressed concern that the Amtrak proposal might hurt the department's efforts to sell Conrail." The "post-Conrail-sale corollary" is that an NEC sale still would raise Conrail's costs, thus hurting Conrail's viability, and significantly increase the costs for commuter agencies and other freight railroads that use the NEC.

o When asked at a Mar. 11 House subcommittee hearing why we should end NEC service after spending so much federal money to improve the NEC, Riley replied: "We're not proposing to end the service and I think the NEC is the [part of Amtrak] most likely to be saleable or transferable."

Those carefully chosen words did not contradict the basic truth that an end to subsidy means an end to the service. The administration may not be explicitly "proposing to end the service," they are simply proposing to sell the NEC, which would mean the end of service. Similarly, to call the NEC the "most likely [part of Amtrak] to be saleable or transferable" (emphasis mine) is not to say it can be sold or transferred.

#### WE NEED THE NEC--AND AMTRAK IS THE INFRASTRUCTURE

Between New York and Washington, Amtrak now handles about 1/3 of the air-plus-rail market; Amtrak's marketshare rises to about 70% when intermediate markets such as Trenton, Philadelphia and Baltimore are included. Amtrak also enhances the efficiency of NEC freight and commuter services by sharing costs with them, and by providing revenue (connecting passengers) to commuter trains. Shutting down the NEC with nearby airways, airports, and roads overloaded makes absolutely no sense.

It is inconceivable that an owner of infrastructure could operate this railroad on a break-even basis, competing with users of public infrastructure who do not pay their full costs. Indeed, the U. S., with our cheap gasoline, extensive freeway network, and relatively limited local rail feeder services, is the last place in the world where one would expect to find profitable passenger trains.

It's one thing for someone to buy a few airplanes and pay fees to use public airports and traffic control services--quite another to imagine private interests taking on the huge, complex NEC. Amtrak is both carrier and infrastructure, owning not just intercity trains but also the tracks, stations, and traffic control systems, and employing the people who work on them. Amtrak is the rail equivalent of airlines, the federal air traffic control system, and the various airport authorities.

The nature of railroading is such that the costs are all easily measured and assigned--usually to the private or "quasi-public" carrier that owns the infrastructure. The benefits of rail and the costs of roads are no less real, however. This will become more apparent in the future, given rail's relative efficiency in using land and oil, two valuable resources in limited supply.

## AMTRAK OUTSIDE THE NEC

Amtrak is also important nationwide, operating two highly successful corridors in California (Los Angeles-San Diego and San Francisco-Bakersfield), several Chicago-based corridors with great potential, and a Seattle-Portland corridor on which ridership is recovering after a temporary massive service reduction, part of which Amtrak has since admitted was a mistake. The California routes are of particular interest because trains are integrated with heavily-used feeder buses that, among other things, link the Bakersfield route with Los Angeles and Sacramento. Indeed, 40% of riders on this route use a dedicated feeder bus at one or both ends of their rail journey, indicating that, with proper planning, intercity rail can boost use of intercity bus.

The Virginia-Florida Auto Train may be Amtrak's most financially successful train because everyone on board travels the full length of the run.

The regular long-distance trains are needed:

- o for the many Americans who, for temporary or permanent medical reasons, are unable to fly or who are afraid to fly;
  - o to serve many smaller cities where alternative bus and air transportation is disappearing or has already disappeared; and
  - o to provide a foundation upon which future corridor services can be built. (Among the 23 airports with "terminal control areas"--that is, areas of airspace that pilots must get permission to enter--10 are served by Amtrak today only with long-distance trains. They are: Atlanta, Cleveland, Dallas, Denver, Houston, Las Vegas, Miami, Minneapolis, New Orleans, and Pittsburgh.)
- In addition, several of the long-distance routes provide a matchless way to enjoy the nation's scenic beauty.

## TRANSIT

In 1975, I wrote two columns in our national newsletter praising commuter rail as an important way to provide quality public transportation to the suburbs at low cost in terms of both capital dollars and environmental problems. Moreover, by making good use of existing railroad facilities, service could be instituted relatively quickly. I cited the Toronto area's GO Transit operation over Canadian National tracks as a model that should be used in the U. S.

Sadly, since I wrote those columns, not one new commuter rail system has begun service. The good news is that commuter trains will start soon on the Atlantic City line and between Miami and West Palm Beach. Hopefully, these services will stimulate others elsewhere in the U. S., just as the success of San Diego's light rail line has led other cities to develop light rail systems. We very much appreciate the chairman's interest in the Atlantic City line, because of the important service it will provide to the communities it serves and because of its "demonstration" value.

Similarly, we support the 18-mile, two-state St. Louis light rail project just as enthusiastically as Mr. Stanley has attacked it. The cost of this project will be substantially reduced by its heavy reliance on already-existing infrastructure, especially old railroad bridges and tunnels, including the former railroad level of the Eads Bridge over the Mississippi.

## PUBLIC POLICIES HAVE FAVORED AND CONTINUE TO FAVOR THE COMPETITION

The need for public money for Amtrak and mass transit must be seen in light of both present and historical public policies which benefitted the highway and airway systems.

Present: More than \$13 billion/year from non-user sources is spent on our highways. Most of this is not federal money, but federal policies strongly encourage it.

The convenience and low cost of parking figure heavily in the decisions of many people to drive to work. Federal policies encourage auto use, since employer-provided parking is widespread and tax-free,



while employer-provided transit passes are much scarcer and only \$15 per month is tax-free. (A monthly New York Penn Station--New Brunswick NJT commuter rail ticket costs \$53.50; I pay \$21 per week riding Metrobus and Metrorail to Union Station from Silver Spring.) Furthermore, the limited transit tax exemption was just enacted in 1984 whereas the parking subsidy is longstanding.

Peak-hour, single-occupant, urban-area commuters get perhaps the biggest subsidy in U. S. transportation: they occasion the need for costly road-widening projects (which take more land off the tax rolls) yet pay no more to drive than do those of us who confine our driving to off-peak hours. Our accounting systems conceal this from most people--including reporters, who frequently describe Amtrak and transit as "deficit-ridden" but rarely, if ever, use the same term for the highway system.

A railroad system whose infrastructure is privately owned will always be at a disadvantage in competing with other modes where ownership is public. If a financially weak carrier such as Boston & Maine ran west from Salt Lake City, the railroad might already have collapsed under the expense of fighting the rising lake. As it is, the deterioration of B&M tracks on the Springfield, MA-White River Jct., VT line (combined, we hear, with B&M's refusal to sell portions it owns to the Central Vermont) has forced what we hope is a temporary suspension of Amtrak's "Montrealer".

**Past:** Railroad passengers paid over \$2 billion in federal passenger ticket taxes (1942-62) which simply went into the Treasury while the government spent nothing on railroads and invested heavily in the competing modes, laying the groundwork for today's "imbalance" problems.

In addition, railroad facilities were heavily taxed. At a March 1956 American University lecture, Pennsylvania RR Vice President--Passenger Sales & Services J. B. Jones said: "In Newark, NJ, the PRR's passenger station, which the railroad built with its own money, is heavily taxed -- over a thousand dollars a day. A few miles away is the Newark Airport, one of our chief rivals for intercity passenger business. The airport was built with 50 million dollars of public money, and does not pay a dime in taxes."

In a similar vein, Trains Editor David P. Morgan wrote in his April 1959 issue: "A favorite pastime in Toledo, O., used to be criticizing its ancient Union Station....Civic wrath reached such a pitch that a local businessman erected a billboard which read DON'T JUDGE TOLEDO BY ITS UNION STATION. New York Central finally capitulated despite the fact that it was piling up bigger and bigger passenger deficits. The road spent \$5 million of its own money to erect a brand-new Central Union Terminal in 1950. Today the structure represents an investment of \$4,856,745 and in the year 1956 land and property taxes totaling \$42,745 were paid on it....Toledo Express Airport, built entirely with city funds, was completed in 1955." Morgan then calculated the airport's real annual deficit at \$244,853, adding these items to the \$16,366 reported operating deficit: depreciation, taxes (of course, the airport was not taxed), and interest on the bond issue which partly financed the airport.

Airline user charges didn't begin until 1971, by which time the federal government had spent \$15.8 billion on airport and airway development, money which a 1977 DOT report said will never be repaid by system users.

Jones and Morgan both found that U. S. Mail policy hurt the passenger train. Morgan claimed "every objective study made of the passenger deficit concludes that mail, express and baggage account for a much larger proportion of the loss than either coach or Pullman traffic....The railroads must maintain sufficient equipment and fixed plant to accommodate a December rush nearly 100% higher than the normal load, [although they are only] paid for hauling mail on the basis of how many linear feet of car floor space is occupied....By handling parcel post at less than cost, [the railroads] are helping to force their wholly owned Railway Express Agency out of business....It amounts



to Direct railroad subsidization of P.O. operations, and what Postmaster General, under constant public criticism for his deficit, is going to upset that apple cart?"

Jones lamented the diversion of first class mail to trucks and airlines "while at the same time [railroads were required] to stand by to carry what is not diverted...and to carry the marginal 2nd, 3rd and 4th classes of mail."

Popular opinion is that railroads benefitted greatly from land grants, but over 90% of railroad mileage had nothing to do with land grants and the 1850 land grant law required railroads to haul government personnel and freight at a 50% discount and mail at a 20% discount. For competitive reasons, these discounts were also offered by some non-land railroads. They remained in effect until October 1, 1946, by which time the railroads had contributed \$1.25 billion worth of discounts to the government. (Former ICC Commissioner J. B. Eastman estimated the lands were worth \$126 million at the time they were granted.)

#### MONEY: THE NEEDS

Continued improvements in Amtrak's productivity require restoring adequate levels of capital investment. We recognize the difficult task this committee faces in meeting conflicting demands from many transportation interests and the budget process. We hope, however, that you will come as close as possible to meeting Amtrak's funding request that includes the full \$630.3 million authorized for FY '88 plus \$54 million in safety-related Northeast Corridor Improvement Project requests. We also support Mr. Claytor's attempts to solve the problem of limitations on Amtrak executive salaries. By jeopardizing Amtrak's ability to attract and retain top-notch executives, present law appears to represent a "penny-wise, pound-foolish" policy.

We support full funding of the transit authorization levels in the new highway and mass transit law. As you know, under steady attack from the administration, transit funding has been cut sharply since 1981 even though the "transit penny" was originally promoted as an add-on to transit funding, not as a replacement for general-fund transit money.

To end rail passenger service because its growth has been limited by the lack of even-handed public policies would be to ignore the fact that growing transportation demand is colliding with finite supplies of land, airspace, and petroleum--resources that modern rail and transit services use more efficiently than their competitors. As Prof. Amitai Etzioni, of George Washington University, said in an interview published April 3 in The Christian Science Monitor: "There's a limit to the amount of oil....We found a lot more than expected, and the market [is doing] its wonderful thing. In the end, though, we're burning it up like mad, and nobody's adding a single barrel to the pool down there. So one of these days we'll have to deal with that issue again." When he sees another highway under construction he says: "I ask myself, 'Has anybody sat down to ask whether in 40 or 50 years are we really going to be swimming in oil?'"

Our board enthusiastically endorses the concept of earmarking a penny or so of the gasoline tax for Amtrak capital investment. We think the present practise of having separate trust funds for the two dominant modes of transportation merely exaggerates the mistakes previous generations have made, insuring, for example, that--when a congested highway parallels an underused or unused railroad track--the likely outcome is further widening of the highway and further growth of the weeds on the tracks.

We know the backdrop against which you must may up FY '88 transportation appropriations is far from ideal; we regret the "hit" which transportation evidently took in the past week's search for money for other programs. As you make the tough choices, however, we ask you to remember that the smaller programs (transit and Amtrak) have already been cut substantially under President Reagan and that, for example, the last \$30 million is much more important to Amtrak than it would be

to the far larger highway and airway programs. Also, there is some overlap between the purposes of the larger and smaller programs. We believe, for example, that much short-distance passenger travel now handled by air and private auto could more efficiently be handled by improving rail passenger corridors both in the NEC and elsewhere.

Again, thank you for your strong past support of Amtrak and transit. Please keep it up!

#### RAILWAY PROGRESS INSTITUTE

#### STATEMENT OF RICHARD B. GRIFFIN, JR., COMMITTEE ON PASSENGER TRANSPORTATION

Senator LAUTENBERG. Mr. Griffin.

Mr. GRIFFIN. Good day, Mr. Chairman. My name is Richard B. Griffin, Jr. I am director of government relations for General Signal Corp. in Stamford, CT. We are members of the Railway Progress Institute, the association of suppliers of machinery, equipment, services, and supplies to the nation's railroads and rail passenger systems.

Today I appear on behalf of our association's Committee on Passenger Transportation which is comprised of representatives from more than 50 companies whose customers are Amtrak, people mover systems, commuter rail systems, and rail rapid transit systems. They also are suppliers to the freight railroads, of course, but it is on behalf of rail passenger systems that this committee functions.

On behalf of the committee and the entire association, I thank you and the committee for this opportunity to present our views. I intend to speak for a brief while, Mr. Chairman, and I ask that a three-page presentation of our views be made part of this record.

Mr. Chairman, the U.S. Congress has consistently recognized the nation's need for a core level of federal support for urban transit and intercity rail passenger services. Indeed, Congress has made a capital investment of some \$38 million in urban mass transit over the past two decades and approximately another \$10 billion to Amtrak. Mr. Chairman, we concur in this commitment and we urge that it be continued. I recognize that I may be preaching to the choir, but we believe in this very strongly, sir.

I should just like to make six points for your consideration, and then I will also quit, sir.

First, \$3.452 billion was provided in fiscal year 1987 for UMTA. We believe this amount is barely sufficient to meet the federal obligation to assist mass transit systems. Consequently, we urge that funding be continued at this level at the very least for fiscal year 1988.

Second, we note the administration has made a major point of UMTA's privatization initiative. We believe this initiative has great potential and that it should be encouraged. However, Mr. Chairman, privatization should not be utilized we believe as an excuse to drastically cut transit funding below the core level of federal assistance.

Third, we must report again this year that UMTA is slow in obligating grant funds. Of particular concern to us, because of the program's potential for being of great use to the transit operating systems, is the

agency's apparent slowdown in supporting the 3(a)(1)(c) technology introduction program. This program represents a partnership, if you will, Mr. Chairman, under which our private enterprise companies develop new technology and the operating systems receive grant funds to field test these innovations. We understand there is more than \$9 million available in unobligated funding both for this program and the 4(i) innovative techniques program. It is unfortunate that the industry-government partnership developments are halted by the unwillingness of UMTA to commit funds, and we urge Congress to direct the administration to carry this and other grant programs forward in a more productive and timely fashion.

The fourth point, Mr. Chairman, revenues from the 1 cent per gallon user charge on motor fuels that was dedicated to funding mass transit systems should be used for urban mass transit capital improvements and not to offset the budget deficit.

Fifth, in the Surface Transportation and Uniform Relocation Assistance Act of 1987, Congress has strengthened the Buy America provisions of earlier legislation. The new legislation provides an additional measure of assistance to domestic suppliers who must compete against foreign suppliers operating from the base of a closed home market and a variety of export incentives. Mr. Chairman, we strongly support Congress' welcome action on Buy America. However, recently UMTA has appeared to be reluctant to vigorously carry out the law. We urge Congress to require UMTA to ensure full compliance.

Sixth and finally, again I would like to echo Mr. Capon's remarks and those who preceded me to urge Congress to strongly support Amtrak and the existing national rail passenger system both in the Northeast corridor as it runs through your state, sir, and nationwide.

And that concludes my statement.

Senator LAUTENBERG. Thank you very much, Mr. Griffin, for the quality and the pace with which you delivered that. I want to ask you one question. Automatic controls. A familiar item to you?

Mr. GRIFFIN. Yes, sir.

Senator LAUTENBERG. Are these off-the-shelf items?

Mr. GRIFFIN. Yes, sir, in most cases.

Senator LAUTENBERG. Most cases. They seem to cost a lot of money. Is it something that is made fairly simply in terms of the basic unit?

Mr. GRIFFIN. I would prefer, rather than give you a nonspecific and general answer, to give you something in writing to that, sir.

Senator LAUTENBERG. Thank you.

Mr. GRIFFIN. Maybe a brief paper, just sort of a primer, on automatic train control and the various gradations of systems as they apply to both passenger and transit. Would that be appropriate?

Senator LAUTENBERG. Thanks very much. We will take that for the record. I appreciate your response.

Mr. GRIFFIN. Thank you, sir.

[The statement follows:]

## STATEMENT OF RICHARD B. GRIFFIN

Railway Progress Institute  
Committee on Passenger TransportationSummary of Requests

The Committee asks Congress for:

- o Reaffirmation of its dedication to a core level of federal support for urban transit and intercity rail passenger service.
- o Continuation of federal transit funding at the 1987 level, at a minimum.
- o Recognition that UMTA's privatization program is an enhancement to public transit, rather than a substitute for federal funding.
- o Direction to UMTA to continue the Sec. 3(a)(1)(c) Technology Introduction Program and Sec. 4(i) Innovative Techniques Program, where a balance of \$9 million remains unobligated.
- o Commitment of total revenues from the one-cent-per-gallon user fee on motor fuel to mass transit capital programs.
- o Requirement that UMTA fully enforce Buy America requirements of the Federal Mass Transportation Act.
- o Continuation of federal funding for Amtrak at the level of \$630 million as requested.

# # #

Good day, Mr. Chairman and Members of the Subcommittee. My name is Richard B. Griffin and I am Director of Government Relations for General Signal Corporation in Stamford, Connecticut. We are members of the Railway Progress Institute, the association of suppliers of machinery, equipment, services and supplies to the nation's railroads and rail passenger systems.

Today, I appear on behalf of our association's Committee on Passenger Transportation, which is comprised of representatives from more than 50 companies whose customers are Amtrak, people mover systems, commuter rail systems, and rail rapid transit systems. They also are suppliers to the freight railroads, of course, but it is on behalf of rail passenger systems that this committee functions.

On behalf of the committee and the entire association, I thank you and the Committee for this opportunity to present our views. I intend to speak for only a brief while, Mr. Chairman, and I ask that a three-page presentation of our views be made part of this record. I will, of course, be glad to respond to any questions you may have.

Mr. Chairman, the United States Congress has consistently recognized the nation's need for a core level of Federal support for urban transit and intercity rail passenger services. Indeed, Congress has made a capital investment of some \$38-billion in urban mass transit over the past two decades and approximately another \$10-billion in Amtrak.

We concur in this commitment. We urge that it be continued.

Specifically, Mr. Chairman, we respectfully set forth six points for the consideration of your Committee.

I begin with the Urban Mass Transportation Administration, or UMTA.

First, \$3.452-billion was provided in Fiscal Year 1987 for UMTA. We believe this amount is barely sufficient to meet the Federal obligation to assist mass transit systems. Consequently, we urge that funding be continued at this level -- at the very least -- for Fiscal Year 1988.

Second, we note that the Administration has made a major point of UMTA's privatization initiative. We believe this initiative has great potential and that it should be encouraged. However, Mr. Chairman, privatization should not be utilized as an excuse to drastically cut transit funding below the core level of Federal assistance.

Third, we must report again this year that UMTA is slow in obligating grant funds. Of particular concern to us, because of the program's potential for being of great use to the transit operating systems, is the agency's apparent slowdown in supporting the 3(a)(1)(c) Technology Introduction Program. This program



represents a partnership, if you will, Mr. Chairman, under which our private enterprise companies develop new technology and the operating systems are encouraged with 3(a)(1)(c) grants to field test these innovations. We understand there is more than \$9-million available in unobligated joint funding for this program and the 4(i) Innovative Techniques Program. It is unfortunate that the partnership developments are held up by the unwillingness of UMTA to commit funds, and we urge Congress to direct the Administration to carry this and other grant programs forward in a more productive and timely fashion.

Our fourth point, Mr. Chairman. Revenues from the one-cent-per-gallon user charge on motor fuels that was dedicated to funding mass transit systems should be used for urban mass transit capital improvements and not to offset the budget deficit. We think the Administration should stop using these funds to "cook the books."

Fifth, Congress has, in the Surface Transportation and Uniform Relocation Assistance Act of 1987, strengthened the Buy America provisions of earlier legislation. The new legislation provides an additional measure of assistance to domestic suppliers, who must compete against foreign suppliers operating from the base of a closed "home market" and a variety of export incentives. Mr. Chairman, we strongly support Congress's welcome action on Buy America, and we urge Congress to require UMTA to ensure full compliance with this law.

Turning to Amtrak for my sixth and final point, we believe that the existing national rail passenger transportation system should be continued through funding at the level of \$630-million, as has been requested. We believe Amtrak's management is responsible and conscientious and we support the statement by Amtrak's President Graham Claytor, that repeated proposals to eliminate Amtrak's funding and sell its assets send a negative message to both traveling public and employees.

In summary, Mr. Chairman, we urge the Congress to continue a core level of support for rail passenger transportation, and we



suggest that the Urban Mass Transportation Administration might well be given more close oversight than it is now being given.

Thank you for your time and attention. I will be more than pleased to respond to any questions you or your Committee may have.

# # #

POLICY STATEMENT  
of the  
COMMITTEE ON PASSENGER TRANSPORTATION,  
RAILWAY PROGRESS INSTITUTE

Background

The Railway Progress Institute (RPI) is the trade association of suppliers of equipment and services to the nation's freight railroads and rail passenger transportation systems.

The RPI Committee on Passenger Transportation is comprised of more than 50 major companies whose products and services are provided to rail rapid transit systems, people movers, commuter rail systems, and Amtrak.

Introduction

The United States Congress has consistently recognized the nation's need for a core level of federal support for urban transit and intercity rail passenger services. We concur in this commitment and urge that it be continued.

URBAN MASS TRANSIT

Congress has made a capital investment of some \$38-billion in urban mass transit over the past two decades. Today, there are 23 metropolitan areas with rail rapid transit or light rail systems. Those systems continue to be essential to the continued viability of these urban centers. Another five metropolitan areas are in varying stages of planning or developing rail passenger transportation systems. The Federal commitment to infrastructure development should continued.

Commerce in the United States is dependent upon an integrated multi-modal transportation system which is -- as is true of any system -- only as good as its weakest link. Urban transportation is a vital part of the national system -- no less so than waterways, highways, passenger railroads, or the airport and airways system. There is an irreducible level of federal responsibility toward maintaining each element of this national resource. Immediate budget constraints should not be allowed to erode the value of our long-term investment in urban rail transit.

Urban Mass Transportation Administration Appropriation

The Passenger Transportation Committee of the Railway Progress Institute believes that the \$3.452-billion appropriated by Congress for mass transit systems in the United States for Fiscal Year 1987 approaches the absolute minimum level. We urge that the funding provided for Fiscal Year 1988 be at least this amount. Further reductions in funding levels will inevitably result in deferred maintenance, deteriorating service, and an end to new systems.

### Privatization

The Administration's current drive to attract private capital's participation in mass transit systems and programs should be encouraged. It is nevertheless a fact that this effort is barely under way. Most of the efforts identified thus far consist of plans, not investments. It is far too early to cite these plans as a rationale for drastically cutting federal transit funding.

### Funds Appropriated for New Technology Introduction

We continue to advocate support of the Technology Introduction Program 3(a)(1)(c). The intent of this program was to encourage suppliers to undertake development of equipment with improved performance, reliability, and overall cost effectiveness at the suppliers' expense, and then provide funding for the demonstration equipment hardware and test expense. This was intended to bridge the gap between a development product and a production product. Significant successes have been achieved. However, UMTA has been slow to release grant funds, and we understand that there is more than \$9-million available in unobligated joint funding for this program and the 4(i) Innovative Technology Program. Congress may wish to re-emphasize the need for implementation procedures which rapidly respond to the needs of suppliers and users.

We urge Congress to direct the Administration to carry this and other grant programs forward in a more productive and timely fashion.

### Integrity of the "Transit Penny"

When Congress adopted a 5-cent-per-gallon highway user charge, it earmarked one of those pennies for mass transit.

This Committee respectfully suggests that the Congress must preserve the integrity of this fund and that revenues generated should be used for urban mass transit capital improvements, not to offset the budget deficit.

### AMTRAK

Congress has, over the past several years, made clear its support for Amtrak, the nation's only inter-city rail passenger transportation system. We wholeheartedly endorse this past practice and urge its continuation.

### Appropriation

We believe Amtrak's management to be totally responsible in its stewardship of federal funds and conscientious in exploring ways of becoming more self-sufficient. We urge that the Congress safeguard its investment of some \$10-billion thus far by appropriating the \$630.3-million requested by Amtrak.

We also support the statement by W. Graham Claytor, Jr., President and Chairman of the Board of the National Railroad Passenger Corporation, that "the repeated proposals to eliminate Amtrak funding and sell its assets send a negative message to the traveling public and tend to negate the diligent efforts of Amtrak's employees to make Amtrak more productive and less dependent on federal support."

### BUY AMERICA

The railway supply industry continues to be threatened by foreign competitors who compete in the relatively unrestrained U.S. market from the secure base of a closed market in their home

country and with the further advantages of various export incentives provided by their governments. These circumstances have resulted in the total demise of the U.S. rail transit vehicle manufacturers, the last of which delivered its last vehicle in April, 1987.

In the Surface Transportation and Uniform Relocation Assistance Act of 1987, Congress recognized this and strengthened the Buy America provision as it relates to rail transit equipment. Congress did this by phasing in a rise in the current 50 percent American content requirement to 60 percent by 1991, increasing the project cost price differential exception from 10 to 25 percent, and initiating a Buy America examination at the subcomponent level.

We urge Congress to press upon UMTA the need to insure that the new requirements are strictly complied with.

---April, 1987

#### AMERICAN ACADEMY OF PEDIATRICS

##### STATEMENT OF JEROME PAULSON, M.D., F.A.A.P.

Senator LAUTENBERG. We are engaged in a new process here of getting people ready to go so we do not lose any time. The next witness is Dr. Jerome Paulson. Dr. Paulson, yes, please. And again, the admonition for each one of you: watch the clock. Thank you.

Dr. PAULSON. I will, sir.

Mr. Chairman, I am Dr. Jerome Paulson, director of scientific research and public policy development at the Joseph P. Kennedy, Jr. Foundation. I am a fellow of the American Academy of Pediatrics and a member of its council on governmental affairs.

I am here today on behalf of the academy, and we would like to commend the committee for its efforts in the establishment of the Center for Injury Control at the Centers for Disease Control. The Center for Injury Control was created with the enactment of Public Law 99-190.

The excessive burden of injuries has been called the plague of the young. Injury causes almost half the deaths of children aged 1 to 4 years, more than half the deaths of children aged 5 to 14, and nearly four-fifths of the deaths of persons aged 15 to 24. Thus, injury is the leading cause of death among children and young adults.

Transportation injuries are among the most common of all. In 1983, more than 143,000 deaths were caused by injury. Injury is the leading cause of physician contacts, accounts for more than 25 percent of all hospital emergency room visits, and is the leading cause of short- and long-term disabilities. Injuries result in significant indirect costs to society due to years of potential life lost and years of potential productivity lost. They are responsible for huge direct costs to society, including physician and hospital bills. Injuries are the most expensive of all health problems in this country. The high price of injuries becomes particularly burdensome at a time when the nation is trying to contain health care costs and improved productivity and competitiveness.

The Center for Injury Control has provided leadership and coordination for national injury control efforts. It has sponsored a national conference on injury control that was attended by more than 400 health professionals. It has established five academic centers devoted to injury research. A program for injury research has been created, and the center received a total of 381 grant applications for that program. Approximately one-third of the applications were approved, but unfortunately only 26 applications, less than 10 percent, received funding with 6 more currently in the negotiation process. If additional money were available, more of these excellent proposals could be implemented.

Finally, a plan is in place to achieve other major program objectives which include the establishment of national and state and local injury surveillance systems, dissemination of findings and creation of training programs.

Prior to the establishment of the center, research efforts were scattered and lacked a coordinated approach. The first 2 years of funding for the center have built a strong foundation from which advances in the field will come. However, there is still much work to be done in the area of injury prevention and control. We urge you to continue the commitment to injury prevention and control by funding the center at the \$10 million appropriation level. The successful conclusions of the research and demonstration projects depend on that continued support. The capacities at the state and local levels to implement these research findings need to be expanded, which will occur with ongoing funding.

We must not waste the investment made thus far. Funding injury prevention research represents sound fiscal judgment and wise public health policy. Our children and young adults are precious national resources whom we cannot afford to waste. They deserve the opportunity to grow and prosper in a safer country. Let's help give them that chance.

Thank you, sir.

Senator LAUTENBERG. Thank you, Dr. Paulson.

[The statement follows:]

## STATEMENT OF JEROME PAULSON

Good morning, I am Dr. Jerome Paulson, director of scientific research and public policy development at the Joseph P. Kennedy, Jr. Foundation. I am a Fellow of the American Academy of Pediatrics and a member of its Council on Government Affairs.

I am here today on behalf of the AAP, an international organization representing 30,000 pediatricians. The Academy would like to commend the Committee for its efforts in the establishment of the Center for Injury Control at the Centers for Disease Control. The Center for Injury Control, which was created with the enactment of P.L. 99-190, provides support for injury epidemiology and prevention research. The Center functions as a clearinghouse for all related federal injury projects, and focuses overdue attention on this significant public health problem.

The excessive burden of injuries has been called the plague of the young. Injury causes almost half the deaths of children aged 1-4 years, more than half the deaths of children aged 5-14, and nearly four-fifths of the deaths of persons aged 15-24. Thus, injury is the leading cause of death among children and young adults.

Transportation-related injuries are among the most common of all injuries. More than 143,000 deaths in 1983 were caused by injury. Injury is a leading cause of physician contacts, accounts for more than 25 percent of all hospital emergency room visits and is the leading cause of childhood short- and long-term disability. Injuries result in significant indirect costs to society due to years of potential life lost and of potential productivity lost. They are responsible for huge direct costs to society, including physician and hospital bills. Injuries are the most expensive of all health problems. The high price injuries becomes particularly burdensome at a time when the nation is trying to contain health care costs and improve productivity and competitiveness.

Now in its second year of operation, the Center for Injury Control has provided leadership and coordination for national injury control efforts and sponsored a national conference on injury control that was attended by more than 400 health



professionals. A grant program for injury research has been put in place and five academic research centers have been established across the country. Research and demonstration grants have been awarded to 26 projects, with six more in the negotiation process. The Center received a total of 420 grant applications. Approximately one-third of the applications was approved, but only 36 (less than 10 percent) received funding. If additional money were available, more of these excellent proposals could be implemented. The Center also has consolidated non-occupational injury control resources in the Division of Injury Epidemiology and Control, with augmented injury staff. Finally, a plan is in place to achieve major program objectives, which include the establishment of national and state/local injury surveillance, dissemination of findings and creation of training programs.

Prior to the establishment of the Center, research efforts were scattered and lacked a coordinated approach. The first two years of funding for the Center have built a strong foundation from which advances in the field will come. However, there is still much work to be done in the area of injury prevention and control. We urge you to continue the commitment to injury prevention and control by funding the Center at the \$10 million appropriation level. The successful conclusions of the research and demonstration projects depend on continued support. The capacities at the state and local levels to implement these research findings need to be expanded, which will occur with ongoing funding.

We must not waste the investment made thus far. Funding injury prevention research represents sound fiscal judgment and wise public health policy. Our children and young adults are precious national resources whom we cannot afford to waste. They deserve the opportunity to grow and prosper in a safer country. Let's help give them that chance.

#### AMERICAN PUBLIC HEALTH ASSOCIATION

#### STATEMENT OF STEPHEN P. TERET, J.D., M.P.H.

Senator LAUTENBERG. Dr. Stephen Teret.

Dr. TERET. Mr. Chairman, I appreciate also this opportunity to appear before you today to testify in support of a \$10 million appropriation for injury prevention funding.

My name is Stephen Teret. I am an assistant professor and codirector of the Injury Prevention Center at Johns Hopkins University. And I am



representing today the American Public Health Association which is the world's oldest and largest professional societies dedicated to promoting and protecting the public's health.

Mr. Chairman, it has been about 2 years now since the National Academy of Science and the Institute of Medicine released their report on injury in America which realarmed the country about the great source of death in the United States that injury represents. Dr. Paulson has already given you statistics evidencing that injury represents the No. 1 killer for persons aged 1 to 44 in the United States. Injury is a costly problem, as Dr. Paulson has mentioned to you. If you look in terms of productive years of life lost, injury claims more of those years of life lost than cancer and heart disease combined. And yet, when we look at the funding for injury prevention research, Mr. Chairman, we find that injury prevention is funded at just about one-tenth which is funded for cancer research.

This subcommittee has in the past recognized this public health crisis and has wisely appropriated \$10 million for a 3-year period to be channeled to Centers for Disease Control for the prevention of injuries. We applaud the work of the committee, and we ask that the commitment for the third year be fulfilled by the third appropriation of \$10 million. These funds, Mr. Chairman, are in essence saving lives. The most exciting work in injury control is being done now as a result of this type of funding. And there is the potential for thousands of lives to be saved as a result of this funding.

Dr. Paulson has mentioned to you some of the extramural research coming out of this funding. They include studies on emergency medical systems, studies on the biomechanics of injuries, on drunk driving, child restraint, occupant restraint in general, truck safety issues.

In addition to these discrete research projects five centers of excellence have been funded, including the one at Johns Hopkins. What we are doing at Johns Hopkins is attempting to train the leadership in injury prevention for the country and to also engage in ground-breaking research such as our project on the elderly and highway safety, which we will look at ways of preventing these types of injuries to the growing number of older drivers in our country.

The funding that this subcommittee has provided already is an investment that is going to be paid back, Mr. Chairman, not only in dollars, but also in tragedies averted. There are few families in the United States that have not experienced the tragedy of serious injury. The appropriation of the \$10 million for fiscal year 1988 will allow the maintenance of the research that is already started at the same level of excellence and the programmatic activity which was made possible by the earlier funding.

We thank you, Mr. Chairman, for your interest in injuries as a critical public health problem.

Senator LAUTENBERG. Thank you very much, Dr. Teret. A piece of legislation that I authored on this side has the 21 uniform drinking age across this country. And we have seen a substantial reduction in

fatalities among the 16 to 20 year olds as a result of that in the states that have passed these laws. And it confirms what you say. If we take the proper steps funding the program and so forth, we can save a lot of lives out there. We thank you very much.

Dr. TERET. Thank you.

[The statement follows:]

## STATEMENT OF STEPHEN P. TERET

## Summary of Request

The American Public Health Association representing over 50,000 public health professionals and community health leaders urges the Subcommittee to fulfill the third year of a three year commitment to provide funds for trauma research by appropriating \$10 million for this program in the FY'88 DOT Appropriations bill.

Mr. Chairman and distinguished Members of the Subcommittee, I appreciate the opportunity to testify today in support of a \$10 million appropriation for trauma research in the DOT Appropriations bill. I am Stephen P. Teret, Associate Professor and Co-Director of the Injury Prevention Center at Johns Hopkins University School of Hygiene and Public Health. I am representing the American Public Health Association, the world's oldest and largest professional society dedicated to promoting and protecting the public's health.

Through the years, APHA has expressed its commitment to injury prevention and control through a variety of public policy statements and program activities. In the past two years the Association has had the pleasure of working with Members of this Subcommittee to support a \$10 million appropriation for trauma research in order to begin to implement the recommendations of the National Research Council and the Institute of Medicine report "Injury in America". As you recall, that report stated that the time had come to address the problem of injuries, and identified the Centers for Disease Control as the agency to lead this new national effort. The Subcommittee is to be commended for recognizing the seriousness of the injury problem in America, and for agreeing to a three year commitment to provide funds to the Centers for Disease Control for this program.

We appear before you today to thank you for your past support and to urge you to fulfill the third year of this commitment by appropriating \$10 million for injury control in the FY 88 DOT Appropriations bill.

As a result of the funds you have provided for injury control in the past two fiscal years, a federal focus for injury control has been established at CDC and an extramural research grant program has been initiated in cooperation with NHTSA. The response to the research grant program was overwhelming. CDC received 381 applications from which 26 awards have been granted with another 5 nearing finalization. Over 1/2 of these 31 projects will relate to motor vehicle injury control issues. They will include 2 studies on Emergency Medical Systems, 4 studies relating to the biomechanics of injuries, and 4 studies of the outcome of blunt trauma to the head, especially from motor vehicle crashes. Other studies will look at the epidemiology of traffic related injuries, and still others will provide an assessment of prevention measures related to drunk driving and alcohol abuse, child occupant restraints and truck safety issues.

In addition, to the research projects, five injury prevention and research centers have been established at the University of Washington/Harborview Medical Center, the University of North Carolina at Chapel Hill, Harvard University, Wayne State University, and the Center where I am Co-Director at John's Hopkins University. A primary mission of the John's Hopkins Injury Prevention Center is to train the national leadership in the reduction of injuries. Interdisciplinary training programs that lead to an understanding of the environmental and social determinants of injuries, and to prevention methods are at the heart of our Center's work. We are

also pursuing injury research. For example, our project on the elderly and highway safety will develop an understanding of how the growing population of older drivers can be protected from crash related injuries.

As a result of the federal focus on injury control established in CDC, the agency has provided leadership, coordination, and visibility to this public health issue. As an example, the 1987 Conference on Injury in America, held in Atlanta, brought together the diverse view points in injury control research and programs in an exciting meeting which facilitated ongoing collaboration and provided direction for future efforts. In addition, CDC is attempting to collect and integrate the considerable information which exists about the injury problem. Existing national datasets, including those of the National Center for Health Statistics, the National Highway Traffic Safety Administration, the Consumer Product Safety Commission, and the Department of Justice are being acquired, and are being analyzed and simplified for use by others.

Four demonstration projects have been initiated to improve injury surveillance at the state and local level in order to better define the problems, to mobilize community action and to evaluate intervention programs. These demonstration projects are in Miami, Philadelphia, Woonsocket, R.I. and three rural locales of the Indian Health Service. The Indian Health Service has already identified that the leading cause of serious injury at all three of its sites are motor vehicle crashes. The Rhode Island project will focus on the prevention of alcohol related injury in young adults, particularly associated with motor vehicle crashes.

Research activities within CDC have focused in the areas of motor vehicle fatalities, falls, drowning, residential fire fatalities, youth suicide, minority homicide and unintentional firearm fatalities. Epidemiologic studies have described these problems and are leading to potential intervention opportunities.

APHA is pleased and excited by the programs and research which the funding you have provided has made possible. The entire field of injury prevention and control has been energized as a result of this new federal focus on injuries. But we can not stop now. Let us be reminded of the grim facts about injuries:

- Injury is the fourth leading cause of death among all Americans.
- Injury causes almost half the deaths of children aged 1-4; more than half the deaths of children aged 5-14, and nearly four-fifths of the deaths of persons aged 15-24. Thus, injury is the leading cause of death among children and young adults.
- For more than three decades of life (ages 1-34), motor-vehicle crash injuries alone are the leading cause of death.
- The societal costs of motor-vehicle crash injuries are second only to those of cancer, among the other leading causes of death.
- Although injuries are responsible for the loss of more economically productive years of life than heart disease and cancer combined, the federal expenditure for research



in injury control is approximately one-tenth of that for cancer and less than one-fifth of that for heart disease and stroke.

Substantial progress can be made in the reduction of the incidence of injury and its associated morbidity and mortality if adequate funding, direction and support are given to a coordinated federal program of injury research.

Mr. Chairman, Members of the Subcommittee, you have provided the impetus to begin that coordinated federal program, and an FY 88 appropriation of \$10 million will allow maintenance of the same level of research and programmatic activity which was made possible by your support in FY 86 and FY 87.

We thank you again for your interest in this critical public health issue and your past support for injury prevention and trauma research programs.

#### ATLANTIC EMERGENCY MEDICAL SERVICES COUNCIL

##### STATEMENT OF MICHAEL DYER

Senator LAUTENBERG. We have someone substituting for Mr. Teter. That does not, however, excuse you from the time constraint.

Mr. DYER. I understand perfectly well.

Senator LAUTENBERG. Thank you.

Mr. DYER. Mr. Chairman, my name is Michael Dyer. Mr. Teter unfortunately cannot be here because at this moment he is introducing your colleague, Senator Cranston, before the American Trauma Society. Senator Cranston, as you probably know, has introduced legislation, S. 10, which would have a very significant impact on trauma care and delivery systems and so forth.

My name is Michael Dyer. I am counsel for the Atlantic EMS Council. The Atlantic EMS Council represents a number of jurisdictions: New Jersey, Pennsylvania, Maryland, Delaware, District of Columbia, Virginia, and West Virginia.

Let me very briefly reiterate the problem that my colleagues stated here, that is that traumatic injury is the No. 1 killer of young

Americans under the age of 44, but also recent data indicates that there seems to be a rather dramatic increase in the number of injuries taking place with regard to our older Americans. It represents over \$100 billion in terms of lost financial revenue annually.

The solution is actually twofold. First of all, we have prevention. Much has been done particularly under the leadership of the chairman in this particular committee, as well as the committee under Congressman Lehman on the House side with regard to seatbelt promotion, with regard to alcohol, drunk driving, awareness programs, and so forth.

But the second prong of a true comprehensive program is remedial. It's treatment, emergency medical services. No matter how good the preventive services are, we will still find that there will be injuries occurring. Indeed, despite the fact that there has been major inroads made with regard to prevention, we have found that, indeed, traumatic injuries have been on the increase in several of our jurisdictions in the Atlantic EMS Council. Therefore, it is very important that the thrust within emergency medical services be continued and, indeed, be enhanced.

We have found that where there are comprehensive emergency medical services systems—and really the key, Mr. Chairman, is this concept of systems—in place is that there is a dramatic effect in terms of saving life. I would point to the recent Amtrak disaster which occurred just north of Baltimore where we had a system in place and where there was I think some very dramatic turnarounds in terms of provision of emergency medical services.

We are particularly appreciative of this committee's work and the House committee's work with regard to picking up the ball with regard to emergency medical services which has not fared terribly well under the block grant, the Health and Human Services block grant. Therefore, we increasingly turn to this particular committee which has taken a true leadership role in providing funds for NHTSA, providing funds for such farsighted studies as Injury America. And I would echo again my colleagues' request that those funds be continued.

Thank you, Mr. Chairman.

Senator LAUTENBERG. Thank you very much.

Do you have a paper, some information, on how NHTSA can better direct its limited emergency EMS funds?

Mr. DYER. Yes, sir. We did indicate I think a little earlier in some of our discussions with the staff. We are going to be submitting some followup testimony. We have some fairly targeted types of recommendations. One particular item is a sensitivity study that we understand NHTSA is going to be conducting where they will be identifying a number of state systems. And I understand, Mr. Chairman, that New Jersey is one of those states that they are considering where they will be studying tracking patients from the point of entry into the system to point of discharge from the system. That is certainly one particular initiative that we would support.

Senator LAUTENBERG. If you have anything else that you would like to submit for the record, we would welcome your views on it.

Mr. DYER. Thank you very much.

Senator LAUTENBERG. Thank you very much.

[The statement follows:]

STATEMENT OF HARRY TETER, JR., ON BEHALF OF THE ATLANTIC  
EMERGENCY MEDICAL SERVICES COUNCIL

Mr. Chairman, on behalf of the Atlantic EMS Council, I appreciate the opportunity to appear before you today to testify in support of full appropriations for the National Highway Traffic Safety Administration's budget for FY 1988. The Atlantic Council is composed of the EMS state representatives from New Jersey, Pennsylvania, Maryland, Delaware, the District of Columbia, West Virginia and Virginia and is primarily responsible for the development and delivery of EMS throughout the Mid-Atlantic region. This region has the most advanced EMS systems in the nation. We are proud of the systems that have been established here and are eager to share with the rest of the country the lessons we have learned.

What we know that is most important to your deliberations on funding of various programs is that EMS systems work. In studies performed in two of our states, Pennsylvania and Maryland, we have seen dramatic results in reductions of mortality and morbidity from accidents where systems are in place. We also know that systems are expensive. The spectrum of care provided by systems is broad. The work of a system begins at the scene of an accident and spans through rehabilitation. There are many steps along the way - components of the system - that must all be in place if the accident victim is to be properly cared for. Each step requires dollars for development and maintenance. No one realistically expects that all the dollars necessary to make every EMS system function optimally can be available from any one source. EMS is a responsibility of many parties and governments at all levels, federal,

state and local. What must be born in mind is that each party including the federal government, does have a clearly defined stake in providing viable EMS to its constituents. The federal dollars, combined with dollars from other sources, are critical to systems development and maintenance and to addressing research issues that will take the next step in perfecting EMS delivery in this country.

We know that our systems are constantly being refined and improved as we strive to meet the 'golden hour' of care. To that end greater emphasis must be placed on analysis and evaluation of the work being performed. NHTSA's support of programs that address these issues is essential. It can look to organizations such as the Atlantic Council to develop regional solutions to these issues. Its support would be welcome.

For example, in the future more emphasis must be placed in EMS information exchange and public education about trauma and EMS. To that end, we encourage support of NHTSA's initiative to develop a Sensitivity Index which will provide a standard measurement of the effectiveness of systems. NHTSA, along with other organizations is encouraging the development of trauma registries and this too is a step in the right direction. Nowhere in the country are data systems more advanced than in the Atlantic Council's jurisdiction and we hope that our experience and expertise will be used in these two areas. Trauma registries are critical to the refined and improved care of the trauma victim.

Another point we have learned is that regionalization is important in the delivery of trauma care through EMS systems. State borders become meaningless when there

is a race with death to get a victim to a proper care facility. The Atlantic Council has developed the only interstate protocols on communications, reimbursement of trauma costs, and delivery of care by EMT's across state borders. We hope these can be used in other areas of the country. Future dollars should be directed to solving interstate EMS delivery. In many cases the needed care facility is in another state and the life of the victim depends on accessing that facility quickly. Systems must be able to respond with no interstate impediments. Few communities have a self sustaining EMS system. Statewide and regional areas are better able to deliver the needed services and systems covering these areas should be encouraged with funding priorities.

We must in the future encourage greater exchange of information between areas that have established systems and those which are attempting to build systems. Visiting systems and observing how they work is a needed educational experience for those trying to build systems.

NHTSA dollars will still be needed to help in areas such as training EMS personnel and purchasing equipment. It must help in establishing standards for systems and evaluation programs for systems.

This country has come a long way in establishing EMS systems since NHTSA was founded and NHTSA has had a lead role in this story. Much still must be done. We in this country are still faced with horrifying statistics on trauma. It is the worst disease we face for it is the greatest killer of the young. It robs people of years of productive life. Its toll is unacceptable particularly in light of the fact that we can do something about it.



We can prevent it and should that fail we know how to treat it. That treatment hinges on having EMS systems in place working to meet that 'golden hour' of needed care. Those systems need your support and we urgently request you make this a priority at NHTSA and appropriate to the authorization level established by Congress.

Thank you for your consideration.

#### ASSOCIATION OF PROFESSIONAL SLEEP SOCIETIES

##### STATEMENT OF DAVID F. DINGES, PH.D.

Senator LAUTENBERG. We have now Dr. Dinges. We are very interested in the organization that you represent, Professional Sleep Societies. I can tell you that if people attend enough hearings here, why, your organization may not be in business. We welcome your testimony.

Dr. DINGES. Thank you, Mr. Chairman.

My name is Dr. David Dinges, and I am a scientist from the University of Pennsylvania in Philadelphia. I am here on behalf of the Association of Professional Sleep Societies which briefly is 2,000 physicians and scientists studying the relationship between sleep, sleepiness, sleep disorders, and human performance.

I am here to talk about prevention of injury on our roadways as well. But I am here to talk about a silent killer: sleepiness.

We all know how unpleasant it is to experience a poor night's sleep and then try to do critical work the next day. Yet, in this country there are literally millions of people attempting to do that, and for many of them that critical work involves operating a train, a car, a plane, a boat or a bus. It is estimated that 25 million Americans suffer from excessive daytime sleepiness due to a sleep disorder like narcolepsy or sleep apnea. Hundreds of thousands of Americans suffer disturbed sleep-wake cycles associated with shift work and jet lag. Millions of Americans suffer a cumulative sleep loss due to simply not getting enough sleep at night, trying to hold down two jobs or supplement income. And then there is a large segment of our society who is sleepy but also take a little alcohol or medications which greatly augment the effects in a sleepy person on performance.

The good news is that something is beginning to be done in federal agencies because recently the Office of Technology Assessment is going to hold a workshop on human error in motor vehicle accidents, and has asked us to participate. And in June the National Transportation Safety Board is attempting to do the same thing.

Driving is especially deadly from the standpoint of sleepiness because it contains those elements of performance demands that are most susceptible to sleep loss or pathological sleepiness. We cannot judge how alert we are. No amount of motivation prevents us from falling asleep at the wheel for seconds at a time.

Single-vehicle accidents are especially deadly. This is a plot of 6,000 single-vehicle accidents as a function of time of day. There is a massive occurrence of this between midnight and 6 a.m. not simply due to darkness or road conditions, but that is when we see in the laboratory there is biological pressure in the brain to fall asleep involuntarily. Single-vehicle accidents comprise a significant portion of roadway catastrophes. In California in 1984 there were 4,500 road fatalities; 45 percent involved single-vehicle accidents.

It is not just individual car drivers. The transportation of hazardous materials in a study in the state of Washington shows recently 130 of the most serious incidents, two-thirds of which occurred before 9 a.m. on a straight road under good driving conditions, and they were attributed to driver inattention and carelessness, not to difficult maneuvers or poor driving conditions. The suggestion clearly is—and this is why OTA has gotten interested—that we have got a serious problem with driver alertness here, and it is likely related in a major way to sleepiness.

My association would like to get the message across that there has to be national recognition of this fact, and we would like to make the following recommendations: that there be creation of programs designed to increase public knowledge of the factors that contribute to lowered alertness on our roadways; that we begin to have the relevant agencies collect data on the extent of this problem and the number of traffic accidents that are attributed to sleepiness; that we establish transportation safety guidelines that take into account the significance of fatigue and sleep-related factors in the safe operation of vehicles and that we encourage the support of research designed to identify the driving tasks and conditions that are most vulnerable to sleepiness and technologies that will diminish this vulnerability.

Mr. Chairman, I urge your committee to address these concerns in your report that will accompany your 1988 appropriations bill. I want to emphasize that we are not requesting any additional funding. Rather, we believe that within the safety activities currently being conducted at the Department of Transportation, that sleep-related accidents warrant some attention within the realm of public awareness.

Thank you for the opportunity to present my association's views, and if I can respond to your questions, let me know.

Senator LAUTENBERG. Thank you, Dr. Dinges. That is very interesting testimony, and of course, you immediately think about the number of times that we have fought sleep driving and so forth. I am told that people who do not sleep enough, often have white hair and get wrinkles. I do not know that is true.

Has your organization ever looked at air traffic controllers or similarly sensitive occupations?

Dr. DINGES. We tried to, Mr. Chairman. It is extremely difficult to get access to structuring studies that look at fatigue and sleep issues in pilots and air traffic controllers. There is enormous sensitivity on the part of both the federal sector and the private sector to these issues.

Everyone is afraid that if something is found, that they will look bad. A pilot reporting that he is fatigued is like reporting he has seen an unidentified flying object. It is just not done because it means you are going to be grounded or docked pay or demoted, or the airline does not want you on board.

We do not have mechanisms that permit people to say, I am not alert now, I should not be driving, and a way of reinforcing them for being honest about that. And that is what we need to do. Plus we need to gather the data you have just asked about.

Senator LAUTENBERG. Are there information pieces available that remind people who have these sensitive occupations that they should get enough sleep? We tell them not to drink for 24 hours before they get into a cockpit to fly, and yet sleep—it is so obvious when you say it. I mean, I think of the number of times that I have traveled with my family and pushed the day, extended the day, and got into a vehicle and absolutely sober, but just kind fighting to keep our eyes open. It is frightening, especially when you talk about the correlation between the hours and so forth.

Is there any connection between sleepiness and alcohol identifiable in the accidents that you can interpolate as being sleep-related?

Dr. DINGES. Not yet, but the National Transportation Safety Board has asked us to include questions in their accident investigation reports that will look at this. And the Office of Technology Assessment has begun their own study. It will be part of this workshop next week that I am participating in. And they are very concerned because driver inattention keeps coming up. And it is quite clear that in the case of the trucking industry, there are a great many drivers, partly out of the competition in the industry and partly out of the desire to earn additional pay, who simply ignore the downtime for sleep and push well beyond the limits of human performance capability.

Senator LAUTENBERG. Thank you very much.

[The statement follows:]

## STATEMENT OF DAVID F. DINGES

Chairman Lautenberg and Members of the Subcommittee, the Association of Professional Sleep Societies is comprised of the Sleep Research Society, the Clinical Sleep Society, the Association of Polysomnographic Technicians, and the Association of Sleep Disorders Centers. Today, nearly 2,000 of my colleagues are clinically practicing, or conducting research on sleep, sleepiness, and sleep disorders. Now, more than ever before, the quality of sleep and its relationship to our waking life is being considered a significant factor in one's total health picture. The importance of communicating advances in sleep medicine and science to all levels within the private and public sector cannot be understated.

For example, last month the North Atlantic Treaty Organization (NATO) held a conference on sleep and its importance in military operations. Scientists, physicians, military experts and government representatives met to review the progress being made in sleep science and its application to sustained military operations and readiness. The Department of Defense has had a longstanding interest in these issues because they have seen first hand how profoundly sleep logistics affect military performance. In the last two years, I along with representatives from each of the Armed Forces have formed a Technical Advisory Group to DOD on matters pertaining to sleep need and human functioning.

I am sure that each member of the Committee and every individual in this room has first hand knowledge of how unpleasant it is to experience a poor night's sleep and then attempt to conduct critical work the next day. Yet, on any given day in this country literally millions of people are attempting to do just that, and for a great many of them, that

critical work involves operating a motor vehicle, a bus, train or plane. Some are involuntarily sleepy because of an undiagnosed sleep disorder, such as narcolepsy or sleep apnea; it is estimated that 25 million American adults suffer from these conditions. Others experience the lethargy and fatigue associated with disturbed sleep/wake cycles, such as shiftworkers and those pilots, crews and passengers experiencing jet lag. Others suffer from a cumulative sleep debt due to a chronic pattern of trying to get by every day on an hour or two less sleep than is required to keep them alert, such as the working single parent or the policeman with a second job to supplement his income. Finally, many others are sleepy for any and all of these reasons, but are also taking alcohol or other drugs whose impairing affects are greatly augmented in a sleepy person. Clinical data indicate that falling asleep at the wheel is second only to alcohol as the most common cause of one- and two-car accidents. Many medications, particularly sleeping pills, which are used by 10 to 20 million Americans, reduce alertness and continue to promote sleep into the next day, especially in elderly persons.

The community of sleep disorders physicians and sleep scientists are heartened by the fact that the effects of fatigue and inadequate sleep are now beginning to be considered when experts determine the causes of accidents and mishaps in our nation's transportation system. For example, next month the Office of Technology Assessment will hold a workshop on human error in motor carriers accidents. Statistics clearly indicate that human error is the most important factor in transportation accidents. There is mounting evidence that fatigue and falling asleep at the wheel comprise a substantial portion of this human error. The National Transportation Safety Board plans a workshop in June for its accident investigators that will involve



informing them of the latest information on how to assess the contributions of sleep and sleepiness to accidents.

Mr. Chairman, my colleagues and I are deeply concerned by the number of transportation related accidents and fatalities that occur each year. Persons who operate machinery, automobiles, trucks, buses, trains and aircraft are falling asleep at the wheel. The problem of sleepiness is especially dangerous in the transportation area because research has shown that driving a vehicle requires aspects of performance and attention that are among the first to be degraded when we are sleepy. Moreover, there is evidence that we often cannot accurately judge how fatigued we really are until it is too late; that is, when we are already on the road and struggling to be alert. Finally, despite public misconceptions to the contrary, no amount of mental or physical toughness can prevent sleepiness or its effects on our ability to drive. The brain will lapse into sleep for seconds at a time, without either our consent or awareness of this, especially when we are driving.

Single-vehicle accidents are a particularly telling piece of evidence in this regard, because they cannot be attributed to the actions of a second driver. The chart I am holding displays the distribution across the 24-hour day of over 6,000 single-vehicle accidents. The distribution clearly peaks during the time when we normally sleep; that is, when there is a biologically-timed pressure to fall asleep in all of us. The same circadian or 24-hour pattern is precisely what is observed in laboratory experiments of physiology and behavior over many days of study. It is important to recognize that darkness and road conditions do not account for it, and that the pattern has been observed in single-vehicle accident data from other countries as well, and in train, truck and bus drivers. Single-vehicle accidents are a nontrivial part of transportation



fatalities and catastrophes. For example, in California in 1984, there were 4,497 fatal accidents, 44.7% of which involved single vehicles. A recent study of accidents in the state of Washington found that among the most serious 130 accidents involving transportation of hazardous materials, 69% occurred between 6 and 9 a.m. under good driving conditions on a straight road. The study concluded that driver inattention and carelessness appeared to play a greater role in such serious accidents than did poor driving conditions or difficult maneuvers. These and other data pertinent to the consequences of sleep-related processes in health, transportation and industry are reviewed in a recent report entitled "Catastrophes, Sleep and Public Policy: Consensus Report" by a Committee of the Association of Professional Sleep Societies.

Mr. Chairman, sleepiness and sleeplessness are major problems in a large segment of our population, yet there is little national recognition of this fact. Intensive scientific and medical work in the past decade has allowed us to identify many of the causes and treatments for sleep-related impairments. Now more than ever before something can be done to scientifically and medically address sleep factors before a driver becomes impaired. Falling asleep at inappropriate times, such as while driving a vehicle, is obviously a lethal and intolerable risk for the individual and for society. Moreover, inappropriate sleep is a sign of several life-threatening, yet treatable medical conditions. We calculate that 20,000 to 30,000 patients seek treatment each year for symptoms that place them at risk for falling asleep while driving.

To prevent the lethal risks that sleep-related inattention and carelessness while driving pose to particular individuals and to society as a whole, the Association of Professional Sleep Societies recommends the following initiatives:

1. Creation of programs and activities designed to increase public knowledge and awareness of factors that contribute to lowered alertness and its insidious effects on driving ability.
2. Collection and compilation of data on the extent of this problem, such as the number of traffic accidents attributed to sleepiness. This could be accomplished by the addition of questions on accident reports.
3. Establishment of transportation safety guidelines or regulations that take into account the significance of sleep-related factors in the safe operation of automobiles, trucks, buses, trains and planes, and that urge persons with sleep disorders to obtain medical treatment in order to safely operate motor vehicles.
4. Encourage support of research designed to further identify the driving tasks and conditions that are most vulnerable to sleep-related accidents and the development of technologies that diminish this vulnerability.

I urge that your Subcommittee address these concerns in the Committee Report that will accompany your FY'88 Appropriations Bill. We are not requesting any additional funding, but believe that within the safety activities currently being conducted at the Department of Transportation, the phenomenon of sleep related accidents stemming from the lack of sleep from a treatable medical condition, or an alcohol exacerbated sleep problem, or other sleep-related conditions warrants action by the Department in the realm of public awareness.

Mr. Chairman, thank you for the opportunity to present the views of the Association of Professional Sleep Societies. I am

pleased to respond to any questions you may have, and further offer our organization as a resource in your Committee's future efforts to combat sleep-related tragedies in our nation's transportation system.

#### AMERICAN ASSOCIATION OF STATE AND HIGHWAY TRANSPORTATION OFFICIALS

#### STATEMENT OF WILLIAM T. DRUHAN

Senator LAUTENBERG. Thank you very much.

We call the next panel which includes Mr. William Druhan, Mr. Jerome Premo, Mr. Michael Sciulla. I think that will fill enough chairs.

Mr. Druhan, all of you at the witness table, heard me complaining about the time consumed, and the complaint is still there. We are very interested in what you have to say, but because of the fact that we just do not have enough time, we will ask you to keep your statements short. We know there is value to your work and everything. We want to have your statements in the record, but we just do not have more time than we are going to give you. So, Mr. Druhan, you first.

Mr. DRUHAN. Thank you very much, Mr. Chairman.

For the record, my name is William Druhan. I represent the Conference of State Rail Officials, which is a standing committee for the American Association of State Highway and Transportation Officials. That is an association of all 50 states—their transportation departments including yours, Mr. Chairman, and all of the other 49.

I am here to request appropriations for four rail programs: the local rail service assistance program, the railroad safety state participation program, the state supported Amtrak trains, and the redeemable preference shared and loan guarantee programs.

The local rail service assistance program is one that has been in existence now for 13 years. And it is winding down to a mere nothing, and we are asking that in view of the fact that the problem is getting worse, that you re-look at this and to give us sufficient funds to carry on.

The states are supposedly to contribute 30 percent of the funding. In point of fact, they are contributing much more than their 30-percent share. They are finding the problem is getting worse and worse. We took a survey and found out that they need 1.3 billion dollars' worth of capital needs, and whereas the appropriation is running at a \$10 to \$15 million annual rate, we cannot hope to gain anything.

We also conducted a survey this year to show our stewardship of past funding, and we call it the 803 Success Program. I would like to leave a copy of it for your files so you can look at it. We have marked New Jersey pointedly there to show you what has been done with money in your state in your area. And particularly it pertains to the transfer of sand and other materials up there on those southern New Jersey lines.

This has been a problem for many years. If you recall, when they formed Conrail, they wanted to strike those lines out. They said they didn't want part of that. The Congress passed a special rule to bring that forward so that they would have to be included in the final system plan. Now they want to take them out again. They have taken them out. New Jersey has provided for a short-line railroad to carry that. It is these types of programs nationwide that we need the funding for.

The program is getting worse. As you know, they have formed 150 new railroads just in the last 2 or 3 years. These mega-mergers are rationalizing their systems down. They say that those lines, even if they are profitable, they are not viable because they do not live up to a profit margin that they need. That places the burden on the state. And we need money not only to support them, but just to get a seat at the table so that we can work out—be a catalyst to improving the system.

The second one is the railroad safety state participation program. We know that you have heard from Senator Pell where he indicated that he had to drop out of the program in the state of Rhode Island because the funding was so low that they could not do it. This program is minuscule from everything you have heard all day and everything else. We are only asking maximum a \$3.775 million. It would cover all states. They only gave us \$1.35 million. Now, we are supposed to get 50 percent of our costs reimbursed. It is down to 19 percent. And those states committed their funds before they knew they would only get 19 percent, and so they are saying we think we better drop out of the program. In my testimony I show a GAO report that shows that, that they are going to do that.

And then we also point out that as a result of the Amtrak accident that has been mentioned a couple of times, you came along and said they have got to improve these programs. And we certainly appreciate your support. We do not want to dwell on it since you are already in writing as to supporting our program. We wish to point out that we only need \$3.775 million.

For Amtrak trains again, you have heard a lot of that. We point out in our testimony only with regard to the state-supported trains and the methodology that Amtrak uses for billing us. It has been clearly excessive. They do not use it in any other situation. If they had to use that methodology, they would not satisfy their requirements that you ask.

Finally, there is the railroad rehabilitation and financial assistance. That is your redeemable preference shares and loan guarantees. They are programs that are slated for extinction. They tie in with the local rail service assistance program. Guaranteed loans are a cheap way to support the programs. It keeps the funding going, and we would appreciate it.

Senator LAUTENBERG. Thank you very much. We will include your full statement in the record.

[The statement follows:]

## STATEMENT OF WILLIAM T. DRUHAN

Chairman, my name is William T. Druhan. I am representing the National Conference of State Railway Officials, a Standing Committee of the American Association of State Highway and Transportation Officials. I appreciate very much your invitation to appear today to express the Association's views on a number of rail issues.

The Association is requesting appropriations for fiscal year 1988 for the continuation of the Local Rail Service Assistance Program, the Railroad Safety State Participation Program, state supported Amtrak trains, and the Redeemable Preference Share and Loan Guarantee Programs (i.e., the Section 505 and 511 Programs).

Local Rail Service Assistance Program

As we have said in years past, AASHTO is strongly opposed to the elimination of the funding for the Local Rail Service Assistance Program (LRSA) as again proposed in the Administration's federal budget for fiscal year 1988.

The AASHTO Transportation Policy pertaining to this program, adopted in February, 1985, states: "The rail line abandonments, mergers, and acquisitions encouraged by the deregulation of the rail industry continues to cause dislocations for shippers and disruptions of economies throughout the United States. There is a continuing need for funding for the acquisition and rehabilitation of portions of the rail systems that are required by the public interest but which are not supported by the private sector." The AASHTO Policy also "urges Congress and the Administration to continue rail assistance programs and to join in the development of an alternative funding program for rail assistance to assure preservation of an efficient rail transportation system."

The Local Rail Service Assistance Program was established by the Regional Rail Reorganization Act of 1973. It was originally designed to provide financial support to the states for the continuation of rail freight service on light density lines excluded from the Conrail system. Congress recognized that abandonment of thousands of miles of railroad would cause considerable hardship to many shippers and local communities in the region. The Railroad Reorganization and Rehabilitation Act of 1976 expanded the program to include all states. In 1978, the program was amended to provide capital assistance for rehabilitation and acquisitions before, rather than after, abandonment. In 1981, the program was further amended to specifically prohibit the use of funds for operating subsidies.

The LRSA Program has considerably enhanced the economic well being of enumerable communities beyond what reasonably could have been expected considering the limited amount of funds provided by the federal government. Many of the branchlines assisted by this program, and more importantly many of the branchlines which need assistance, serve the nation's economy by providing transportation not readily available by alternate modes for essential commodities including agricultural and manufactured products, coal, and other industrial commodities.

The LRSA Program requires that 30 percent of the funding come from non-federal sources. Actually, the states, railroads, and shippers have provided many times the amount required for this match. Although non-federal funding has been provided in excess of the required amount, it should be recognized that in most instances these funds would not have been made available without federal and state "seed funds". In some instances the state funds would not have been available without federal "seed funds".

NCSRO conducted a survey last year of funding programs for rail rehabilitation and acquisition projects in each of the states. The survey disclosed that 27 states have funded rail programs at an annual funding level totalling about \$158 million. This far exceeds the required 30 percent "match" of federal funds. Moreover, it does not consider the contributions made from other than state sources.



Contrary to statements made by Administration officials, the problems this program was designed to alleviate have not been eliminated. During the past few years, the railroad industry has been undergoing a number of major changes. The industry has been revitalized; it has gone from the brink of bankruptcy to modest profitability. These changes have been brought about primarily by partial deregulation, tax benefits, major technological improvements, and competition. Another development has been the merger of a number of large railroads. These mergers, as well as those in process or anticipated, result in many branchline abandonments. No region in the country has been exempted by the present surge to rationalize systems.

Reportedly, more than 14,000 miles of track have been abandoned during the last four years. Moreover, it is predicted that the abandonment rate will increase in the near future. In this regard, Senator Melcher said on April 10 that "some industry analysts believe that if present trends continue, major railroads may end up selling between 20 and 30 percent of their tracks over the next five years." For example, the Soo Railroad plans to shortly abandon 2,300 miles of track. Similarly, the Illinois Central Gulf reduced its system of operation from 9,658 miles to 3,000 miles between 1983 and 1987. Also, Burlington Northern plans to abandon 2,000 miles of track and Chicago Northwestern says it might abandon 1,600 miles of track. In addition, the CSX Railroad and Norfolk Southern have announced major branchline abandonment plans. Clearly, the branchline problem will require additional assistance from the states, and the LRSA Program is an essential element to this assistance.

One of the most significant changes in the railroad industry in the past few years, regarding the Class I railroads' necessity to dispose of thousands of miles of unprofitable and marginally profitable segments of their systems, has been that in many instances service has been maintained. For example, Conrail has retained nearly 70 percent of the total carloadings on lines effected by abandonment and receives \$180 million annually in gross revenue for their interchanged traffic. This has been made possible through a proliferation of short lines and what are termed "regional railroads." Reportedly over 150 such railroads have been formed in the past few years. The size of these railroads vary from a few miles to several hundred miles. This trend represents a significant change from prior practices. Prior to the enactment of the Staggers Act in 1980 when railroads were completely regulated, it was in the carrier's best interest to neglect service and maintenance on marginally profitable lines until they became so run down there was no alternative to abandonment. Under present procedures these lines can be sold to entrepreneurs while they are still viable. The lines are attractive to new owners because the sales prices are reasonable and the newly formed railroads can utilize efficient operating procedures not available to large carriers. The sales prices are reasonable because the ICC has interpreted the Staggers Act so as not to require the selling railroad to pay displaced workers "New York Dock" protection (generally full wages and benefits for six years). These new railroads, however, do have a number of difficulties, albeit different from those of the selling carrier. Unlike large Class I railroads, regional railroads do not have an economy of scale, maintenance facilities, management specialists, etc. Also, many new carriers under estimate the cost of the massive rehabilitation work invariably necessary. Moreover, it is difficult for many of these new carriers to obtain adequate capital. This becomes painfully evident when there is a derailment or a bridge washout. Although these are not necessarily major catastrophes, they are nevertheless uncommon occurrences that are not always adequately considered when determining capital needs. Thus, many of these new carriers need assistance in getting organized and/or in order to continue operations after an unscheduled mishap.

These railroads are essential to many communities throughout the country. It is in everyone's best interest that assistance be provided to enhance their survival. State rail agencies have been instrumental in the formation and continuation of many of these railroads. In order for these activities to continue, it is essential that the LRSA Program be adequately funded.

Two years ago, we conducted a survey of the states to identify their rail capital needs. It found that the capital needs for rail rehabilitation and acquisition amounted to over \$1.3 billion. Only the states of Hawaii, Utah, and Wyoming indicated they did not have needs for this program. Obviously, the



branchline problems have not been solved in any region of the country. Considering the amount of funds made available from all sources in the past two years, the number of projects undertaken during this period, and the increased needs in many areas due to additional abandonments, it can reasonably be assumed that the capital needs identified by the survey have not been satisfied to any significant degree. The identified needs did not include funds necessary for planning purposes, grade crossing safety projects, or grade crossing surface repair projects. Also the projects included those eligible for funding under the LRSA Program which the states would be willing to finance with their own funds if such funds and federal "seed funds" were made available.

This year we compiled a panoply of statements from state rail officials in 32 states indicating the achievements accomplished as a result of the funds received from the LRSA Program. These statements are included in a report entitled "803 Successes" which I am submitting with this statement to be included in the record or in the Subcommittee's files as you see fit. The report is a series of examples of projects which fairly explain the operation of the program in recent years. A perusal of the report will quickly disclose how the relatively small amount of federal funds provided by the LRSA Program have been leveraged with state and private sector funds to finance projects costing considerably in excess of federal funding contribution. Moreover, the examples show how invaluable these projects are to the impacted shippers and rural communities. Mr. Chairman, I especially commend to you the example submitted by your own state. Also, I commend the examples from the states of each Subcommittee member. Based on these submissions, justifying stewardship of previous funding and the continuing and increasing number of track miles being abandoned, NCSRO believes Congress should provide adequate funding for this program.

Last year Congress earmarked most of the funds appropriated for this program. We respectfully ask that Congress refrain from this practice. In the past FRA has had a practice of only partially funding projects; that is, it did not provide the full 70 percent federal share. In this way the extremely limited amount of federal funds were leveraged over a much larger number of projects than if a selected few were fully funded. In addition, this partial funding assures that the projects selected for assistance are very deserving because it requires the financial assistance in excess of the minimum 30 percent requirement be provided by parties other than the federal government. Also, the earmarking of projects for full 70 percent funding reduced the amount of available funds to such a degree that it was not possible to make the fund formula distribution provided in the Act. Thus, the states were deprived from selecting projects in accordance with their criteria and priorities. FRA informs us that four of the five projects earmarked last year have not been obligated because it has not received the necessary applications, cost estimates, etc. On the other hand, the Secretary could immediately approve several deserving projects requested by the states if the funds earmarked for these projects were in the Secretary's discretionary account.

#### Railroad Safety State Participation Program

AASHTO believes that the funding in the amount of \$1.35 million proposed for the Railroad Safety State Participation Program for fiscal year 1988 is completely inadequate. The Administration's proposal for an appropriation in the amount of \$1.35 million would be sufficient to provide the states with only 19 percent of the anticipated costs rather than the 50 percent of costs authorized by the Act. We request full funding in the amount of \$3.775 million.

AASHTO's Policy Position regarding rail safety provides in part: "AASHTO strongly supports the financial role that the federal government must play in order to insure a continuing federal-state railroad safety participation program promulgated by the Rail Safety Act of 1970."

The purpose of the 1970 Act was to form a partnership with the states to assist in solving mutual safety problems, not to abrogate the federal responsibility for rail safety. State participation in the program is encouraged by the payment of up to 50 percent of state program costs by the

federal government. This is not a "grant-in-aid for railroad safety" as characterized by the Administration. Rather, it is a partial reimbursement for salaries and expenses incurred by states in assisting the federal government in its rail safety responsibilities.

Presently 31 states participate in the program and engage 104 inspectors. One state, Rhode Island, withdrew from the program last year. Senator Pell recently wrote Senator Lautenberg saying "My own state of Rhode Island (has) been forced to drop out of the program entirely because of the decrease in federal funding. If the remaining fiscal year 1987 funding is deferred, the safety inspection program may cease entirely." Fortunately, the deferral of 1987 funding was rejected. Nevertheless, the fact that Senator Pell made the statement and the fact that Rhode Island withdrew from the program is an indication of the tenuousness of the program unless it is fully funded.

In 1984, FRA conducted a telephone survey in which state safety program personnel were asked whether the state would continue to provide rail safety inspections if no federal funding was provided. In 1986, the General Accounting Office conducted a similar survey in response to a request from Representative James Florio. GAO used the same methodology as the FRA. The results of the two surveys were very similar. It is interesting to note, however, that the conclusions reached from the results were considerably different. FRA interpreted certain qualifying responses in a manner to conclude that at least 28 of the 32 participating states would continue in the program. GAO interpreted the responses to conclude "most of the states participating in the program said there is at least some likelihood that their railroad safety inspection activities would be reduced if federal funds were eliminated." GAO also concluded that almost half of the state representatives said they would very likely reduce their inspection activity, and three said they would probably end their inspections if federal funding were terminated.

A total of 27 of the 31 participating states (who employ 93 of the total 104 inspectors) have applied for their share of the fiscal year 1987 funding. This should not be interpreted, however, as an indication that the states will not reduce the program if funding continues at the \$1.35 million level. For fiscal year 1987 this funding represents 22 percent of the states' costs, whereas as I said, the same amount will provide only 19 percent of the fiscal year 1988 costs. In addition, when the states incurred or committed their fiscal year 1987 costs they were not aware that the reimbursement would be less than the authorized 50 percent. Despite GAO and FRA survey results, the future actions of various state legislatures can obviously not be predicted with any degree of accuracy. It is very conceivable that some will find it necessary to reduce or eliminate their inspection activity due to this inadequate funding level as was the case in Rhode Island. In this regard it should be noted that fiscal year 1986 was the first year when states were not reimbursed the full 50 percent of costs; they received 39 percent. With a deep cut to 22 percent and 19 percent of costs it is much more likely that additional states will withdraw from the program.

With further regard to the reduction in the percentage of reimbursement for state costs between fiscal years 1987 and 1988, it is noted that FRA has requested a 6 percent increase in its appropriation for this program in fiscal year 1988. It contends that this increase in funding is necessary to cover additional salaries, retirement, travel, rent, and other overhead expenses. It seems patently unfair to request that the states' percentage of reimbursement be further reduced to an unacceptable level and at the same time request a 6 percent increase for FRA's expenses.

FRA supplements the function of state inspectors from participating states and conducts all of the inspections in those states not participating in the program. FRA also monitors the overall administration of the program. This partnership has provided a uniform enforcement of the federal standards among the states. Congress has continually encouraged greater state participation in the program. Among the problems encountered by the states in attempting to expand its program, however, is the fact that the states are unable to pay inspectors' salaries comparable to the federal wage scale. Therefore, if any or all states discontinue participation in this program, if the present level of safety effort is to be maintained, an appropriation must be made to the FRA

to pay for 100 percent of the costs presently being incurred by the states as well as an additional amount to compensate for the wage differential for the federal inspectors replacing the state inspectors.

The success of this program is not questioned. In addition to reductions in derailments, as you are aware, the railroad accident and injury rates have decreased considerably in recent years. Although it cannot be stated that this is directly attributable to this program, there is an obvious relationship. Also, among other issues surfaced after the tragic Amtrak accident in Chase, Maryland, on January 4, Senator Lautenberg wrote to Secretary Dole on February 2 requesting "better compliance with safety checks... the record indicates the need to strengthen procedures for assuring compliance with pre-departure tests and inspections and, more generally, with safety related maintenance requirements." Based on disclosures from the Amtrak accident investigation, it is clear that this program should be encouraged by providing full funding.

In summary, Mr. Chairman, failure to adequately fund this program will seriously impair, if not terminate, the existing partnership between the federal and state safety inspectors thereby reverting to the chaotic situation which existed prior to the establishment of this program in 1970. In our opinion, it is unreasonable to fail to adequately fund this small program because it could result in adversely affecting safety and the justification for providing less than one-third of the required funding for this program does not purport to enhance safety.

#### State Supported Amtrak Trains

AASHTO is strongly opposed to the elimination of funding for Amtrak as proposed in the Administration's budget for fiscal year 1988. AASHTO is also opposed to any reductions in Amtrak's budget to the degree or for the specific purpose of not providing sufficient federal funding necessary for the continued operation of state supported Amtrak trains.

The elimination of federal support for Amtrak has been proposed by the Administration for a number of years. The matter has been considered in-depth by this Subcommittee. Therefore, I do not believe it is necessary to reiterate all the reasons why federal funding should continue. Suffice to say justification for continued federal funding has been clearly established and endorsed by several Congresses.

The state supported Amtrak trains (the so-called Section 403(b) trains) are an integral part of Amtrak's national system. Section 403(b) trains are comparable to branchlines in the freight system; they provide a feeder system for trunk line operations. Therefore, these trains considerably enhance Amtrak's revenues derived from its basic system trains.

In the past few years the number of states supporting trains has dropped from 12 to 6. There were a number of different reasons for the discontinuances, but the primary reason was because of the excessive costs charged by Amtrak.

The enabling legislation provides that the states should reimburse Amtrak for 65 percent of the short-term avoidable costs and 50 percent of capital costs incurred in the operation of these trains. The states believe that these costs are excessive because based on Amtrak's definitions they include depreciation and interest. These items of costs are very sizeable and clearly justified. From inception the federal government provided 100 percent of Amtrak's equipment cost. Therefore, it is patently unfair to charge the states for depreciation on equipment which Amtrak purchased with federal funds and in all likelihood will be replaced with federal funds. The cash provided by these depreciation charges is not funded for future equipment purchases. Similarly, Amtrak does not pay the federal government interest on the amounts furnished for capital or operating needs. Since interest is not an Amtrak cost, it should not be a charge to the states. That is, since these charges are not incurred by Amtrak they would not be avoided by not operating state supported trains and do not come with the law providing for "short-term avoidable costs."

Amtrak contends that these charges are justified because using federal funds on state supported trains deprives it of taking advantage of other opportunities. This contention is erroneous because, as you are aware, if the federal funds were not needed and used for these trains they would not be provided by Congress. Clearly, if the state supported trains were not in Amtrak's system, there would be a corresponding reduction in the appropriation -- Amtrak would not be free to use the funds for other purposes. The unfairness of the depreciation and interest charges is also substantiated by the fact that in no other instance does Amtrak consider depreciation or interest costs as factors. For example, a few years ago Congress established a goal for Amtrak to attain a revenue cost ratio of 60 percent to justify the continuation of operating basic system trains. Mr. Claytor testified last month that Amtrak achieved a 62 percent revenue to cost ratio in fiscal year 1986 which represented a 50 percent improvement over the past 10 years. However, depreciation and interest costs were not considered in the cost determinations. If these costs had been included the revenue to cost ratio would have been considerably lower and Amtrak would not have achieved the Congressional goal.

The law provides that Amtrak's Board of Directors shall establish the basis for determining the short-term avoidable loss and associated capital costs after consulting with the states. The states' views regarding these costs were summarily rejected by Amtrak's Board of Directors. It is not surprising that Amtrak's Board of Directors supported its own accounting department in a dispute with the states when to do otherwise would add to Amtrak's expenses. We recognize the opposition Amtrak encounters every year in obtaining sufficient federal funding to continue its operations and the inadequacies of capital funds provided for a number of years. Perhaps it is for this reason that Amtrak is reluctant to bill the states on an equitable basis.

We ask that Amtrak be directed to bill the states based on Amtrak's actual short-term avoidable costs and actual capital costs as intended by Congress and that its appropriation be sufficient to support its operation.

#### Railroad Rehabilitation and Improvement Financial Assistance

The Railroad Revitalization and Regulatory Reform Act of 1976 provides for the rehabilitation and improvement financing for railroads through the purchase of redeemable preference shares of the applicant railroad by the federal government (Section 505) and guaranteed loans for principle and interest for obligations of railroads (Section 511). A total of \$1.4 billion has been authorized for the Redeemable Preference Share Program and \$1 billion has been authorized for the Loan Guarantee Program. These programs are scheduled to expire September 30, 1988.

The Redeemable Preference Share Program has been used primarily for rehabilitation projects designed to eliminate deferred maintenance on high-density mainlines. The Loan Guarantee Program has been used to support critical freight car and locomotive rehabilitation programs, track upgrading projects, and the funding of labor protection payments to former employees of the Milwaukee Road.

The programs have been very successful as evidenced by many worthwhile projects undertaken. FRA reports that the programs made a major contribution in relieving programs requiring immediate redress. It also reported that the programs have helped minimize the adverse impact of deferred maintenance on the national rail system by stemming the deterioration of high-density mainlines and by providing for rehabilitation of needed equipment which the recipient carriers would not otherwise have been in a position to undertake.

As previously mentioned, recent mergers between several large Class I railroads has resulted in major rationalizations. This in turn spurred the formation of many short line and regional railroads. The formation of these railroads and the continuation of service on similar existing railroads is essential to the commerce of many communities throughout the country. In many instances, however, viability is dependent on assistance such as provided by these programs. For example, as I mentioned previously, most of the newly



formed regional railroads have a large debt structure in proportion to their size and as related to other railroads due to being purchased by means of leveraged buy outs. The interest on the debt is a heavy burden for these carriers. Relief in the form of low interest loans provided by the Guaranteed Loan Program should be provided to these carriers to assure their ability to provide a needed service to many rural communities.

In summary, the success of these programs in the past has been amply demonstrated and the need to continue the programs is more than adequately supported.

Again, Mr. Chairman, I appreciate the opportunity to express our views on these matters. I would be pleased to attempt to respond to any questions you may have.

#### AMERICAN PUBLIC TRANSIT ASSOCIATION

#### STATEMENT OF JEROME C. PREMO, VICE PRESIDENT, GOVERNMENT AFFAIRS

ACCOMPANIED BY DENNIS J. FITZGERALD AND CLAUDE G. ROBINSON

Senator LAUTENBERG. Jerry Premo? Jerry, you are with others, but we invite you to present your testimony. As much as I would love to give you a couple of hours, Jerry, it cannot happen here. I have to be fair and, therefore, you too are restricted to the time even though you come from the wonderful state of New Jersey. Thank you very much.

Mr. PREMO. Senator, thank you very much, Mr. Chairman, for the chance to appear before the committee.

To my left is Dennis Fitzgerald, who shares an assignment with me on our legislative committee at APTA. He is executive director of the Capital District Transportation Authority in the Albany area. To my right, representing literally hundreds of suppliers of public transportation equipment and supplies in this nation, is Claude Robinson. Claude chairs our legislative committee's subcommittee representing the private sector, hundreds of thousands of jobs tied in with public transportation. Claude is president of the transportation products group of the American Seating Co. Mr. Chairman, many of us read a book called "In Pursuit of Excellence." I know that it is something that you lived out in your ADP days.

Senator LAUTENBERG. Right.

Mr. PREMO. One of the key messages in that book was that there need to be champions in order to get things done. And we are here to say to you, a champion in support of public transit, thank you. Thank you for your leadership in overriding the President's veto on H.R. 2. It was a landmark piece of legislation, and without your aggressive leadership, we know that simply would not have occurred. So, just as we are pursuing excellence in our public transportation services throughout this country, it is appropriate and we are proud to applaud your championing of our cause.

We want you to be proud of us, and we think that in New Jersey we have a microcosm of what is going on around the country: a 30-percent increase in the last 3 years in rail passenger usage, a 10-percent increase on our buses. It does not sound like that much but after three decades

of decline in bus usage, a turnaround is critical. And it has in the capital area. It has occurred in public transit properties around this country.

It has not occurred at the expense of efficiency though. In testimony we are proud to present to you today, we cite what we believe are genuine appropriate statistics showing enhanced productivity of our work force, our managed work force and the delivery of public transit.

Federal aid is clearly vital as we look ahead. We have laid out an update of a report previously given to this committee 4 years ago, 3 years ago. It is a \$31 billion need statement over the next 5 years. It averages out to \$6 billion a year. The appropriation level—the authorization level is \$3.4 billion. We think that is minimum in order to do what the public wants, needs, and deserves in this country which is a first-class public transit system.

Operating aid, 8 percent of the national total. But it is very big, as you heard Steve Fittante and others say, in rural areas. We do not believe that public transit is a budget buster. Less than one-third of 1 percent of this country's budget is dedicated to mobility called public transit. We think the funding levels included within the authorization program are levels that we can afford as a nation, a nation that is on the move and needs to be on the move, a nation that has an aging population dependent upon public transit.

We applaud UMTA for the improvements in the grant delivery system that has marked the last couple of years. But we are concerned in particular about the recent charter bus regulations and how they will be implemented. It is a touchy issue, a tough issue, but one that many, many properties in our country have expressed concern about.

I mentioned Claude's role earlier. The dependability of transit financing is critical if the supply industry in America is going to enhance its aggressiveness, its competitiveness, something that is so critical to hundreds of thousands of our fellow citizens.

Obviously I have summarized our testimony. We provide detailed information in the written testimony, Mr. Chairman. And to the extent you have any questions, we would be delighted to answer them. Again, thank you for your leadership. It really matters.

Senator LAUTENBERG. Thank you for the comment. Thank you for the testimony. I enjoy working with you and with your colleagues because I too consider that this is a critical issue for our country. We just can no longer rely on automobiles to get to every place we want. No matter what we do, systems that we build, new highways that we build, are crowded immediately. We see it in our own state. Almost as quickly as highways are built today, they are fully occupied. You wonder where everybody comes from to get on those roads.

Jerry, if you would, I ask you to provide for the committee for the record the bus charter regs and whatever comments you have there. Just for the record, Jerry. I do not want to go into it now.

Mr. PREMIO. We would be happy to do that and put in some vignettes of what is going on in Albany, in the capital in New York, give you some examples of how this regulation can create real difficulty not only



for the users, but a very tough regulatory and management thicket as these regs move into implementation. I do not think it has been given adequate thought. As you know, the impact of regs issued without adequate consideration of implementation results in problems for everybody.

Senator LAUTENBERG. Whatever comments you would have, we would appreciate, and we thank you for being with us today.

[The statement follows:]

## STATEMENT OF JEROME C. PREMO

Good morning Mr. Chairman and members of the Subcommittee. As representatives of the American Public Transit Association, we are pleased to have the opportunity to appear before you today.

The American Public Transit Association represents over 350 bus and rail transit systems across the country which carry 95 percent of all transit riders in the United States. In addition, APTA's membership includes over 490 manufacturers and suppliers of transit equipment, consultants, contractors, state and local departments of transportation, planning agencies, and universities.

We are appearing today to present for the Subcommittee's consideration our views on funding levels for the Fiscal Year 1988 federal transit program.

## HIGHLIGHTS

An historic milestone was reached with the five-year reauthorization of the federal public transit program. In its courageous and correct override of the President's veto of H.R. 2, Congress has declared unequivocally that it shall continue to be national policy to invest in public transit for the benefit of all riders and communities across the country.

This clear commitment carries with it two messages that must guide deliberations over funding levels for 1988 and the years following. First, the basic federal program structure remains intact. This renews the federal commitment to support the full scope of bus system investments, rail modernization and new system development needs. It also represents a continuing commitment to provide both capital and operating investments.

The second message contained in the reauthorization lies in the carefully negotiated funding levels that reflect a specific commitment of Congress to sustain our nation's transit capital plant and underwrite continuing improvements in productivity and performance.

It is our firm belief that appropriations for fiscal year 1988 should be set at no less than fully authorized levels for all capital and operating programs in order to fulfill the Congressional commitment embodied in the historic veto override and subsequent enactment of H.R. 2.

In the statement that follows, APTA has attempted to illustrate three major points that provide further strong justification for fully funding the federal public transit program. First, an increasing number of circumstances are facing our nation and our local communities that demand complex solutions and strategies. Improved public transit and increased investment in transit can be a major element in addressing all of these. They include:

- Chronic under-investment in our public infrastructure;
- Mounting energy concerns;
- Changing development trends and travel demands;
- Major changes in demographics and related public service requirements;
- Mounting environmental concerns.

Solving each of these problems will play a major role in returning this country to a dominant competitive position in the world market place and in sustaining our standard of living. Continued investment in our nation's transit services, as a key element of strategies to solve these problems, will, therefore, directly contribute to improving our economy and competitive position nationally and regionally.

The second major point that reinforces the importance of fully authorized funding for both capital and operations is the continued positive trend in transit performance and productivity over the time period since the federal transit program began to mature in the mid-1970s.

Transit managers and policy-makers have made enormous strides in honing the competitive edge of the industry during difficult times and under complicated circumstances. Despite the disruptive effects of uncontrollable economic forces and changes in federal policy and program administration, the U.S. transit industry is on track and prepared to make major contributions to restore our regional and national economies to full strength on the international scene. Commitment of fully authorized funds will provide recognition of this progress. More importantly, it will provide the resources to follow through with continued improvements in service, performance and productivity.

Finally, the concluding section of our statement describes the results of a recently completed five-year transit investment survey. The highlights of this effort are noted below and, again, provide strong justification for full funding of the recently enacted transit reauthorization bill:

- o Total capital investment requirements of \$31.4 billion from 1988 to 1992, or an average of \$6.29 billion per year;
- o \$10.1 billion in bus vehicle and facility investments, including \$4.5 billion in vehicles, \$3.5 billion in facilities and \$2.1 billion in busways and bus lane facilities;
- o \$12.4 billion in rail modernization;
- o \$8.5 billion in projected new rail system development with an additional projects remaining to come on line;
- o Over \$10 billion in transit operating requirements;
- o An estimated \$449 million in vehicle and facility needs among small urban and rural systems.

APTA believes that these perspectives, taken together, provide a sound basis for the Subcommittee and Congress to provide full funding for public transit in 1988 and the years beyond.

#### INTRODUCTION

This year, as in the past, members of this Subcommittee and the transit industry have been presented with an Administration proposal to drastically reduce if not eliminate federal funding for public transit. In the face of these repeated attempts to gut the federal transit program, this Subcommittee has continued to staunchly defend and support public transit and the federal

investment that is the keystone of continued improvements in transit service, performance and innovation, nationwide. The transit industry and the riders and communities we serve are grateful for your continued support. More than that, however, we are grateful for your foresight.

By resisting reductions in federal transit aid in recent years, the Subcommittee and Congress has seen to it that the American transit industry is properly poised to meet the challenges that lie ahead.

Since we addressed the Subcommittee last year, many changes have taken place and many issues have come into much sharper focus. Each of these changes has broadened and enhanced, rather than diminished the importance of public transit. In fact, each of the changes and issues highlighted below provides a strong basis from which to consider increased levels of federal transit investment in the coming years.

#### Reauthorization of the Federal Transit Program

Enactment of H.R. 2 over the President's ill-advised veto has established a clear commitment to provide a continuing, fiscally responsible level of federal investment in public transit for both capital and operations. The bill contains a number of provisions which greatly enhance flexibility in the use of federal funds. It also provides for more broad-based sharing of gas tax funds accumulating in the Mass Transit Account of the Highway Trust Fund. We strongly supported H.R. 2 and are grateful that the Congress voted to enact it over the President's objections.

The authorization levels contained in H.R. 2 represent a realistic and achievable minimum federal commitment to public transit for 1988 and beyond. While earlier versions of H.R. 2 committed nearly \$1.9 billion annually from the Mass Transit Account of the Highway Trust Fund and showed yearly increases in formula funding, we recognize that the deficit situation drove an important compromise. Having voted courageously to enact H.R. 2, appropriations less than the fully authorized levels would break faith with the well-crafted compromises contained in the bill and would greatly reduce the ability of our nation's transit industry to respond to the forces around us.

#### The Budget and Deficit Reduction

Development of the fiscal year 1988 budget is on-going in the Senate at this writing. In its broad scope, the Budget Committee plan potentially provides room to meet the sometimes conflicting priorities that may exist within the overall transportation function. It is certainly APTA's view that public transit investment is no less important than investment in other modes, and, given the enactment of H.R. 2, priority should be given to fully funding the provisions of the new act.

Two other aspects of the budget process should be considered as well. First, by any measure transit funding levels have already been significantly reduced. In 1981, transit funding was set at approximately \$4.6 bil. This year overall funding levels stand at just over \$3.4 bil. This represents a reduction of nearly \$1.2 bil--a 26 percent cut in current dollars and a 40 percent loss in actual purchasing power. The point made in previous APTA testimony is still valid--transit has already made a sizable, direct contribution to deficit reduction. It is both possible and justifiable to halt further reductions for fiscal year 1988 and years beyond.

The second point with respect to the budget process is that funds continue to accumulate in the Mass Transit Account of the Highway Trust Fund that are not authorized to be spent for either the transit purposes they are intended or for any other purpose. Authorization levels of \$1.2 to \$1.4 billion through 1991 are dramatically below the actual \$1.9 billion annual spending levels that the Mass Transit Account could support. By being denied the authority to spend over \$3.0 billion in funds that will be accumulating through 1991, transit is making a substantial additional contribution to deficit reduction, since the accumulating but unspent trust fund balances offset federal expenditures (and deficits) in the unified budget.

Under these circumstances it is both fair and appropriate to make available for 1988 the fully authorized levels of transit funding for both capital and operations from the trust fund and general revenues.

#### Chronic Under-Investment in Infrastructure

For several years, our chronic under-investment in public service infrastructure has been publicized and thoroughly documented. We regularly see the fruits of this inattention in closed or dilapidated roads and bridges, inadequate sewer and water systems and continuing reliance on badly out-dated transit facilities and equipment.

A recent review of federal spending on infrastructure stated that, "Just as spending in public works has declined relative to the economy as a whole, it has also declined as a share of government spending. The fraction of the federal budget devoted to infrastructure has dropped in half from more than six percent in the 1960s to three percent in 1984. . . ."<sup>1</sup>

In effect, we have seen 20 years of federal disinvestment in public facilities. The substantial decline in federal transit investment, though more recent (e.g. 1981-1987), is indicative of the broader and longer national trend that has helped put the nation and our economy into the tenuous, non-competitive situation it is now in.

Reversing this trend of infrastructure disinvestment is an essential prerequisite for economic growth. "Because federal spending on public works focuses on capital investment, it has a key impact on the long-term physical condition of structures and on the nation's ability to provide adequate capacity for growth."<sup>2</sup>

A related issue in the debate over the level of federal public works investment is the larger question of whether increased public spending represents a burden on the economy or, whether reductions in federal spending will promote economic growth.

To explore these questions, a recent study by the Economic Policy Institute compared economic performance and indicators in the U.S., West Germany, Japan and Sweden. The principle

---

<sup>1</sup>"The President's Budget for Public Works Infrastructure: A Preliminary Review," Apogee Research, Inc. Washington, D.C. January 13, 1987, p.2

<sup>2</sup> Ibid.



conclusion stated, "the evidence fails to support the assertion that public sector spending is a burden on the economy." This finding was amplified in the introduction to the report, which stated the "...report shows that the widely promoted notion that cutting back on a nation's public sector will spur economic growth has little basis in the real world."<sup>4</sup>

It has been clear for some time that concern for economic growth and an improved competitive position, nationally, must be accompanied by an adequately funded and well-balanced federal investment in public infrastructure, including public transit. The continued importance of the infrastructure question provides a powerful rationale for maintaining the strongest possible federal contribution to public transit.

#### Mounting Energy Concerns

Recent rapid rises in the level of imported oil have produced justifiable concerns that the U.S. may soon again face energy shortages comparable to those of the 1970s. Today oil imports account for 38 percent of U.S. needs compared to 27 percent last year. Import levels are expected to rise to 50 percent as early as 1990--a higher level than the peak imports experienced in 1977.

The economic and national security vulnerability created by this situation is widely recognized. The Joint Economic Committee of Congress, the National Petroleum Council, the Department of Energy and even the President's new National Security Advisor, have raised the specter of a return to the energy crisis conditions of the 1970s. The situation is grave enough for the National Security Council to seek authority to develop a national energy policy to lessen our dependence on imports because of the potential threat to national security.

One difficulty noted by analysts is that the combination of solutions that ended the crises of the 1970s do not now offer the same potential for avoiding a similar crisis in the near future. Far fewer gains can be derived from the same type of conservation measures we have pursued in the past; Alaskan oil field production has already peaked; production from friendly countries is in decline; and, the domestic oil industry has been nearly crippled by the same low prices that have been viewed shortsightedly as a boon to the national economy.

As reported recently in the Washington Post, a National Petroleum Council study suggested that, "It is likely that no single policy will solve the complex national security problem,"<sup>5</sup> and that a combination of strategies will be necessary to curb imports, support prices and spur domestic production.

During the energy crises of the 1970s public transit was called upon--almost overnight--to accommodate ridership increases on the order of 20 to 50 percent in many areas. With no other

---

<sup>3</sup> Gorham, Lucy, "No Longer Leading: A Scorecard on U.S. Economic Performance and the Role of the Public Sector Compared with Japan, West Germany and Sweden," Economic Policy Institute, Washington, D.C. p.40

<sup>4</sup> Ibid. p. iv

<sup>5</sup> Washington Post 3/8/87 p.3



alternative, our nation's workers and others depended upon transit for their mobility.

With the same type of energy problems again looming before us, maintaining and expanding our public transit systems, services and capabilities represents an obvious and critical feature of any new energy strategy. Providing fully authorized capital and operating funds for the federal transit program is certainly justifiable, and, indeed, a vital part of that strategy. Conversely, under-investment in transit at this critical juncture has both economic and national security implications that must clearly be avoided.

#### Development Trends and Travel Demands

A great deal has been written recently about a variety of development trends that all loosely fall under the heading of "suburbanization." Census data from 1970 to 1980 showed significant losses of employment and population in many of our larger, well-established central cities and metropolitan areas. The data also documented the rapid expansion of employment and population in suburban areas, often at the expense of central cities.

No group better recognizes the challenge represented by low density suburban development than local public transit officials and policy makers. A wide range of actions are underway around the country to redesign, reconfigure and, in many cases, to drastically alter transit service delivery to our low density suburban areas. These efforts have been underway for some time. Mounting successes are being reflected by enhanced commuter services, subscription bus services, use of smaller vehicles, contracted service to private providers, greater employer involvement, better marketing information and greater attention to performance-based management. These actions have been instituted through the careful deliberations of transportation professionals and local officials; they have not been driven or aided significantly by recent admonitions from UMTA policy-makers whose principle motive has been consistently, major reductions in federal investment in public transit.

The "suburban" phenomenon is by no means uniform, however. In many areas, maturing suburban communities now are taking on the appearance and characteristics of mini-central cities with large-scale, high-rise, high-density, mixed-use development. They represent settings in which high-capacity radial access and internal circulation services are as relevant for the future as they are for traditional, older central business districts. More importantly, it has become clear that the travel demands and traffic congestion that are now common in many of these "urban villages" will not and cannot be solved by massive new capital investments in highway and parking facilities. Neither the space, the finances nor the will is available to do so.

Solutions lie in widening the range of transit options through continued investment in and coordination of transit services and development activities, as well as efforts to better manage travel demand. Reducing transit investment and restricting the flexibility and responsiveness of public transit agencies only worsens the outlook for finding solutions.

In addition to the transit industry's attention to and progress in addressing the multi-faceted "suburban" problem, the continued social and economic dominance of our major metropolitan areas and central cities must remain a strong focus for transit professionals, local leaders and transit policy makers. Too

often, preoccupation with legitimate suburban service issues has distracted people from the continuing dominance, renewed growth and mounting service needs of our major cities, both new and old.

Frequent misinterpretation of Census data on work-trip travel has clouded much of the discussion about the role and significance of transit in our major metropolitan areas. Some analysts have focused attention solely on national aggregate figures which show a slight decline from 1970 to 1980 in the percentage of workers using transit to go to work. A more careful look at the disaggregated data tells quite a different story. If figures from New York, Chicago and Philadelphia are excluded (and they are unarguably highly transit dependent areas despite fluctuations in population and employment), the change nationally from 1970 to 1980 in percent of workers using transit to get to work shows an increase not a decline.

Regardless of the loss of population and employment, our nation's major central cities and their regional economies remain dependent on public transit, as is shown by the extraordinarily high percentages of total trips to the central business districts that are made on transit.

More importantly for the future, virtually all major metropolitan areas that experienced declines in population and employment from 1970 to 1980 are now growing again. These regions house 75 percent of our population and account for 80 percent of our economic activity.

The continued dominance of our major metropolitan areas is obvious when looking at future projections of economic activity. A recent study by the National Planning Association has indicated that of the 43 million jobs that will be created by 2010, 86 percent will occur in our metropolitan areas. Throughout these areas, including the maturing suburbs, the opportunity to significantly expand our roadway systems is severely limited.

In both the suburbs and our central cities it remains critical that public transit systems, services and organizations remain strong and that financial commitments from all levels of government, as well as the private sector, be maintained and expanded to serve needs that simply cannot go unserved.

The careful adaptation of traditional services to the changing suburban environment is certainly critical, but it is no more urgent than maintaining and improving the systems and services that now or will in the future form an essential transit network in the largest of our communities around the country. A recent UMTA-sponsored study provides a clear focus on what is at stake if we under-invest in public transit. In speaking about the loss of transit services and the impact on congestion and our nation's cities, Professor Stephen Putnam suggests that, "The ensuing switch from bus and train to car that would be caused by transit's elimination would be disastrous."<sup>6</sup>

In summary, development trends, related mobility requirements and the unlikelihood of embarking on major new

---

<sup>6</sup>Putnam, Stephen H., "Transit Perspectives to the Year 2000: Possible Consequences of Doing Nothing," University of Pennsylvania, Department of City and Regional Planning, Philadelphia, PA, 1985. Funded by the U.S. Urban Mass Transportation Administration.

capital investments in added roadway capacity all speak clearly to the need to reinforce our federal commitment to public transit.

### Demographics

Major demographic changes also represent a clear rationale for enhancing transit services and increasing our investment in public transit. The changes that are now beginning to affect life styles, travel behavior, and demands for goods and services will be greatly accentuated in the coming years. The affect of these changes taken together is that a large segment of the traditional transit-dependent client base will be expanding for some time. As a result, the demand for and dependence on public transit and overall transit use can be expected to increase steadily.

The first and most dominant of these trends is that our population is aging significantly. Persons over the age of 65 represent one of the largest single transportation-dependent groups. Today, this age group represents 16 percent of transit riders. Significant increases in transit ridership by this traditional elderly client group can be expected based on the continued rapid growth in this segment of our population. The number of people 65 and over is projected to grow 37 percent by 2000, 54 percent by 2010 and more than double by 2020.

At the lower end of the over 65 group, it is expected that more people will be healthy and active and more will reside in higher density, low-maintenance communities capable of being served effectively by a variety of public transit options. At the other end of over 65 spectrum, the incidence of disabilities that limit activities increases dramatically, creating growing demands for specialized transportation. This traditional transit-dependent age group is projected to increase faster than any other. By 2020, the population over 85 years of age will increase over five-fold, placing tremendous pressure on public transit and human service industries, generally.

As the "baby boom" generation moves into its later years and the much smaller "baby bust" generation moves into the work force, it will be more difficult to sustain necessary levels of financial support for the larger proportion of elderly. Growth in fixed income and low income populations will also place increasing demands on public transit since low income riders are another core group of the transit-dependent. The Administration's own estimates indicate the high percentage of current transit riders that are in low income categories--71 percent under \$20,000 per year and 40% under \$10,000 per year.

The traditional low-income transit dependent group may also be increased dramatically by another phenomenon. It is anticipated that as the small "baby bust" generation moves into the work force, there will not be enough workers at all levels to satisfy demand in the economy. The resulting gap may ultimately be filled by substantial increases in the immigrant population and work force entering the low end of the job and income spectrum.

A final major demographic trend that will place added pressure on public transit is the continued increase in female-headed households and women in the work force. By 1995 it is estimated that 80 percent of women in the 25-44 age group will be in the work force. At present, nearly 60 percent of transit riders are female, so it is clear that this phenomenon, too, will

result in significant added demand on our nation's public transit systems.

Together, these demographic trends clearly point to significant growth in the traditional transit-dependent client base. Add to this the prospect of increased ridership from other segments of the population due to other factors and trends and the importance of maintaining and expanding public transit facilities, services and operations becomes critical.

#### Mounting Environmental Concerns

By December 31, 1987, metropolitan areas around the country must have achieved compliance with National Ambient Air Quality Standards. However, 76 areas will not meet ozone standards and at least 50 will not have met carbon monoxide standards according to the U.S. Environmental Protection Agency.

Automobile emissions are a major cause of both types of pollution. Consequently, one of the most direct ways to achieve necessary reductions in emissions is to reduce auto use or the number of vehicle-miles traveled by automobiles.

In addition to the continued health hazards, the urgency of the air quality problem stems, in part, from the legal sanctions that theoretically must be applied after December in areas that do not meet this year's standards. Construction moratoria and the cut-off of federal highway funds are actions that may ultimately be required under current law.

The transit industry and bus manufacturers, in particular, are working diligently to meet new stringent requirements to dramatically reduce the particulate emissions of heavy duty diesel engines. New technologies and new fuel mixtures are being tested increasingly to make transit vehicles even more effective in reducing air pollution.

Regardless of how the deadlines for compliance fall or whether sanctions are applied, continuing progress must be made in reducing vehicle emissions. In testimony before the House Energy and Commerce Subcommittee on Health and Environment, EPA Administrator Lee M. Thomas indicated that we may be approaching a time when consideration will have to be given to, "extremely harsh--some might say heroic--lifestyle-changing measures." Presumably, this reference reflects the unavoidable need to take stronger actions and possibly institute transportation control measures to reduce auto use while at the same time ensuring continued high levels of mobility.

In this context, the planning and investments necessary to promote greater transit use are clearly of critical importance and, again, speak directly to the need to provide fully authorized levels of both capital and operating assistance for public transit.

#### Concern over U.S. Industrial Viability

The declining competitive position of the U.S. economy and many industries represents a very specific problem for public

---

<sup>7</sup>Testimony of U.S. EPA Administrator Lee M. Thomas before the Subcommittee on Health and the Environment, Committee on Energy and Commerce, U.S. House of Representatives, February 19, 1987.



transit, i.e., the continued viability of the domestic transit supply industry. Without the financial investment from all sources, including the federal level, we face the prospect of destroying what is already a fragile domestic transit supply industry. Anything less than the maximum authorized level of support through the federal program could trigger its further decline or demise. The results invariably will be just the opposite of what is needed throughout our economy and our various industries. We will face:

- The loss of jobs to foreign workers;
- Increases in the trade deficit through reliance on off-shore producers and manufacturers; and
- The inability to provide for our own public transit needs within our domestic economy.

Our larger economic interests as a nation have created an important coincidence--the need for our public transit operators to play their full potential role in under-girding our economic growth, combined with the opportunity to sustain an effective, viable domestic transit supply industry. Both opportunities are now critically dependent on providing maximum funding for public transit from all sources, including the federal program.

#### Summary

The point of mentioning the foregoing issues is to emphasize that a wide variety of current circumstances and conditions individually and in combination, illustrate the immediate importance of investing in public transit at fully authorized levels. The common theme is the notion that, in a growing variety of ways, public transit is an important part of the solution for many of the critical problems that confront us.

#### TRANSIT'S COMPETITIVE EDGE

Public transit services and investments in public transit represent a critical element in reestablishing our competitive posture, both at the national as well as at the regional level. It is just as important, however, to look carefully at the transit industry's recent accomplishments to understand the positive contribution of public transit in our drive for greater competitiveness and a rising standard of living.

Public transit systems around the country have been and continue to increase their own competitive character in terms of productivity, efficiency and effectiveness. In addition, transit managers have been increasingly effective buyers in the volatile and difficult markets in which they must purchase goods and services. The task is not a simple one and progress is sometimes difficult because of the variety of constraints facing transit managers and policy-makers. Nonetheless, the evidence is clear, that with the maturation of the federal transit program, and particularly with the federal investment in transit operations, the industry has been highly successful both in delivering high quality services and in honing its own competitive edge.

#### Past Trends in Transit Performance

In previous statements before this Subcommittee, APTA has presented results of analyses which indicate how industry performance and productivity have improved as the federal transit



assistance program has evolved and expanded. In today's circumstances, it is important to reemphasize the considerable progress that has been made in improving the efficiency, effectiveness and productivity of our nation's transit systems.

This is best demonstrated by contrasting performance and productivity trends in transit before and after 1975. 1975 is a critical date because it was in that year that federal operating assistance was first available. Analysis of performance prior to 1975 and in the years following provides a clear basis for assessing the effects of federal operating aid on transit performance and productivity. A great deal of past analysis of transit performance has not made this critical distinction in time periods.<sup>8</sup>

**Productivity.** In public transit, productivity typically is expressed in terms of labor productivity, or the amount of output per employee. Among the measures of transit productivity, the two most common are passengers per employee and vehicle-miles per employee.

Between 1970 and 1975, before the enactment of federal operating assistance, and as the difficult transition from private service to public service was winding down, productivity trends were negative, as might be expected during the restructuring of any industry. Passengers per employee had declined 7.6 percent, 1970-1975, and vehicle-miles per employee had declined 5.7 percent.

From 1975 to 1980, as the federal transit program matured and was expanded to include assistance for operations, productivity trends changed dramatically:

- Passengers per employee increased 14.4 percent, 1975-1980;
- The past decline in vehicle-miles per employee was substantially reduced.

**Efficiency.** Efficiency is most often defined as the ratio of costs or expenses to the amount of service produced. The two principle measures of economic efficiency in public transit are cost per passenger and cost per vehicle-mile, both adjusted to account for inflation. In both cases the experience after 1975, which coincides with the greatest growth and expansion of the federal transit program, and the provision of operating aid, has been decidedly positive.

Before 1975, real costs per vehicle-mile rose 33 percent and real costs per passenger rose 36 percent. From 1975 to 1980, however, the trend in cost efficiency turned completely around:

- Real cost per passenger declined nearly 15 percent;
- Real cost per vehicle mile remained unchanged.

**Effectiveness.** Effectiveness reflects the degree of success in attracting passengers to use the service that is provided, and is expressed as passengers per vehicle-mile. Only through carefully targeted marketing, route planning and scheduling can transit effectiveness be increased.

---

<sup>8</sup>The material presented in this discussion is excerpted from "Transit Performance and Productivity 1975-1980: Improvements Through the Intergovernmental Partnership, "American Public Transit Association, May, 1985.

As the industry went through the final phases of restructuring, effectiveness in terms of passengers per vehicle-mile declined approximately two percent from 1970 to 1975. From 1975 to 1980, however, as services began to mature and new management, planning and marketing skills were introduced, along with increased federal operating support, passengers per vehicle-mile rose substantially, by over 18 percent.

The evidence is clear--dramatic improvements in transit productivity and performance, measured in terms most meaningful to transit's basic mission, i.e., carrying people, began to occur following the provision of federal operating assistance within a basic program structure that has now been extended through 1991.

#### Improved Performance Since 1980

Since 1980, transit performance and productivity have continued to improve. A number of factors are worth noting, including highly successful efforts to control costs.

Transit Cost Profile. Too frequently, critics of public transit have analyzed transit performance by comparing cost trends in the industry to changes in the Consumer Price Index (CPI) or other measures of general inflation such as the GNP deflator. Neither the CPI nor the GNP deflator, however, provide an appropriate basis for comparison, since the components that make up these indices do not reflect the goods required to produce transit services.

The CPI, for example, is made up of those goods and services typically utilized by the average household. Housing costs, for instance, make up nearly 44 percent of the index; food and beverages 19 percent and so on. The mix of goods and services used in providing public transit is substantially different.

To measure more accurately the relationship of inflation to the cost of providing transit services, APTA has developed a Transit Price Index (TPI), similar to specialized indices already developed for other industries. The TPI measures general price changes in the mix of goods and services specifically used by transit systems. When the TPI is compared with either the CPI or GNP deflator, it is clear why transit costs have risen faster than these indices.

Very simply, the costs of the particular inputs needed to provide public transportation have historically risen 10 percent faster than the general rate of inflation, as measured by the CPI, and by an even larger amount compared to the broader GNP deflator. Trends in transit cost ratios which appear to be negative when calculated and adjusted using the CPI or the GNP deflator, in fact, show favorable trends when the more accurate and appropriate TPI is used in the analysis.

For instance, real cost per vehicle-mile between 1975 and 1984 increased 4.3 percent and 13.4 percent when adjusted for inflation using the CPI and the GNP deflator, respectively. By comparison, cost per vehicle-mile over the same period actually decreased 1.4 percent when adjusted for inflation using the TPI.

Transit Managers as Effective Purchasers in the Market. In conjunction with development of the TPI, a separate analysis was undertaken to determine whether transit managers are competing effectively in the market place for the goods and services they purchase. To make this assessment, a separate Market Efficiency

Index was developed (MEI). The MEI measures the general cost trends of various goods and services which must be purchased to provide public transit services as they have prevailed in the free market. Growth in the TPI--the amount transit managers have actually paid--compared with growth in the MEI--the open-market price--indicates whether transit managers have been prudent, competitive buyers in the market place.

The results are quite revealing. From 1980 to 1984, the TPI, or the change in the price actually paid for all items rose only 31.7 percent while the MEI, or the change in the open market price rose 35.1 percent. With respect to labor, the TPI rose only 29.7 percent while the MEI rose 35.2 percent. These findings indicate that transit managers have been extremely successful in restraining the growth of both unit labor costs and the unit costs of other inputs at levels below the prevailing market rates.

More Recent Indicators of Transit Competitiveness. In addition to the positive trends indicated by the application of the TPI and MEI after 1980, there are a host of other indicators that suggest that public transit performance continues to improve and that transit managers continue to drive hard and successfully toward greater cost-effectiveness and competitiveness in their operations.

A specific measure of this improvement is the relationship between the actual hours a bus is in service (platform hours) and the total number of hours for which an operator is paid (pay hours).

The nature of public transit service is such that strong morning and evening peaks, varying route lengths, highly integrated routes and schedules, driver assignment procedures, layovers, split shifts, etc., result in situations in which pay hours necessarily exceed platform hours. Greater productivity is achieved, in part, by narrowing the gap between platform hours and pay hours.

The nature of transit service, however, makes major changes in this relationship difficult to sustain. In addition, the design of more effective services which increase ridership can, in some cases, introduce greater disparity between pay and platform hours.

Despite these conflicting characteristics and objectives, platform hours increased three percent from 80 percent of pay hours to nearly 83 percent between 1980 and 1985. This is a very positive and significant change in a key indicator of transit productivity.

Additional analyses since 1980 show similar positive results. A review of the trends in various aspects of transit wages between 1980 and 1985 show dramatic recent improvements in what is perhaps the most politically contentious and difficult cost area of all. Labor and wage data from 75 bus transit systems, including 20 of the 25 largest systems, nationwide, were analyzed. The systems included represent over half of the total bus ridership, nationally.

The analysis was designed to highlight patterns in nine specific wage areas that are typically covered as separately negotiable items in traditional labor contracts. The general approach in the analyses was to note actual 1980 wage levels, to project 1985 wage levels that would have been expected in each of nine categories based on the CPI, (a conservative measure for the purposes of this comparison) and to compare the 1985 projections with actual 1985 data. The results are extremely revealing and clearly indicate the very real progress that is being made, in cooperation with labor, in making transit more competitive and productive:

- o Actual overall wages paid in the nine categories fell five percent below the expected level, based on the CPI;
- o Substantial savings were achieved in each of the five largest wage categories which represent 95 percent of total wages paid:

--Other operating premiums were 54 percent below CPI-based projections;

--Spread premiums were 49 percent below CPI-based projections;

--Overtime wages were 25 percent below CPI-based projections;

--Report and turn-in time wages were five percent below CPI-based projection; and

--Platform time wages were two percent below CPI-based projections.

It is very clear in reviewing these measures that the trend of increasing transit productivity has been strong and consistent. Increased productivity, fostered by broad-based federal assistance for capital and operations has carried the nation's public transit systems from a somewhat rocky transition period, 1965-1975, to a position where the industry's competitive edge is well-honed to meet the challenges before us.

#### Private Sector Involvement

Another factor which is helping to improve performance and efficiency is the continuing increase in the involvement of the private sector.

Involvement of the private sector in public transit has been a widely debated topic. Contrary to the impression created by the Administration, private sector interests have been involved in the delivery of public transit services, dating back to before the turn of the century when the earliest transit systems in America were privately owned and operated. The very roots of public transit are in the private sector and private involvement

---

<sup>9</sup> The complexity of wage rates and structure is, itself, an often overlooked and misinterpreted feature of the transit industry. The nine wage components that were reviewed included: platform time; report and turn-in time; travel time; paid break time, minimum guarantees; overtime; spread premiums; other operating premiums; and non-operating time.



has always been a hallmark of public transit. Private involvement has traditionally taken several forms:

1. Increasing private business involvement in sponsoring and subsidizing employee passes and sponsoring employee services, despite current tax laws which act as a strong disincentive;
2. Increasing private investment in major transit capital projects through joint development activities, benefit assessment districts, leasing arrangements, etc., again, despite the changes in tax law, promoted by the Administration, that would dramatically reduce the private incentives to make such investments;
3. Continued increases in contracting the entire range of transit-related functions to private or other providers, including regular route services, special services for the elderly and disabled, maintenance functions and administrative services.

Involvement of the private sector continues to take place and is growing significantly across the same wide spectrum of activities. APTA and the industry as a whole are proud of the transit agencies that today are singled out as examples of how to make this integration of public and private happen in a practical and responsible way. APTA endorses greater private sector involvement as a sound business practice. APTA also recognizes, however, that local officials must consider a broad range of actions and activities and must retain full authority and responsibility for decisions related to how services are to be provided. It is essential to recognize that private provision of services is only one of several means by which to achieve transit objectives; and, that greater private involvement is not a substitute for a fully-funded, effectively-delivered federal assistance program.

UMTA management of the privatization initiative, however, continues to foster a sense frustration and intimidation among grantees that often makes it more difficult rather than easier to pursue this commitment in a reasonable way.

The intimidation is not so much a matter of formal mandates or quotas, but results from an overly aggressive and often intrusive program management philosophy and style. A recent editorial in Metro Magazine (March/April, 1987) revealed a major source of the pressure and intimidation many grantees feel. While UMTA can claim there are no mandates, per se, on the extent of private sector involvement, the pursuit of privatization has been made a major, formalized element of UMTA regional staff job performance evaluation. The editorial quotes UMTA Administrator Stanley as saying, "The major critical job element that we've changed is the degree and how active each regional office has been in privatization."<sup>10</sup> According to the editorial, "...25 percent of the regional administrator's job performance is related to privatization efforts."<sup>11</sup> Administrator Stanley also observed that, "...their performance rating affects their ability to move up in pay scale. It is not just a monetary award. How well they perform also goes into their file. That message is very well understood."<sup>12</sup>

---

<sup>10</sup> "Incentive - Who Has the Incentive," Metro Magazine, Bobit Publishing Company, March/April, 1987, p. 80.

<sup>11</sup> Ibid.

<sup>12</sup> Ibid.



Without legal or regulatory mandates, per se, UMTA has set in motion an internal personnel reward process which, by and large, has fostered an overly aggressive, intrusive and intimidating approach without comprehensive guidance to either employees or grantees and without the assurance of consistent application across the ten UMTA regions.

Although the objective of greater involvement of the private sector to encourage increased cost-effectiveness is strongly shared within the industry, the way in which the policy has been pursued has had significant negative impacts and may be hurting the cause much more than it is helping. In addition, the question of whether or not UMTA's approach contradicts the Congressional intent that the federal government maintain a neutral posture with respect to who provides services at the local level is still open to debate.

Nonetheless, APTA and the industry remain committed to utilize fully private sector resources and skills in delivering high quality services while at the same time maintaining full public accountability.

#### Factors Hindering Productivity, Performance and Innovation

Despite the productivity gains and improved performance that have taken place as the federal transit assistance program has matured, there are factors and forces at work today which reduce the ability of local transit managers and policy-makers to perform in timely, innovative and entrepreneurial ways. For the most part, these restraints are a result of federal policy and administrative practice. Three areas in particular deserve attention.

Uncertainty in the flow of funds. The quarterly review and approval process instituted by UMTA two years ago to expedite formula grant approvals appears to be working effectively and has provided improved predictability. Problems still remain, however, in the flow of discretionary funds.

Since it took office, the Administration has argued vehemently to eliminate federal funding for new transit system development. Recisions, deferrals and reprogramming of authorized and appropriated funds have been repeatedly proposed, and repeatedly denied by Congress. The use of administrative mechanisms by which projects could be allowed to proceed in a more timely and cost-effective way, such as letters-of-no-prejudice have been effectively halted. Negotiations over grant contracts for major capital projects and new starts have been unjustifiably drawn out. Proposals have been made to administratively foreclose access to rail modernization funds for all but those systems that have historically received these funds.

While provisions in H.R. 2 are intended to solve some of these problems, such program management actions result in delays and foster a high degree of uncertainty in communities around the country. The result has only hurt local efforts to plan, program and provide service in an efficient, effective and responsible way.

The same can be said for the Administration's persistent attempts to phase out or eliminate federal operating assistance. Congress has repeatedly reaffirmed its support for the operating assistance program and recognized the importance and logic of making this investment. Unfortunately, the effect of the

Administration's opposition to operating assistance has been to introduce a high degree of uncertainty and instability into the annual planning, budgeting and programming process at the local level. This has proven to be extremely disruptive and clearly inhibits management efforts to respond with greater creativity in a more competitive environment.

Labor protection and 13(c). UMTA has consistently identified the labor protection provisions of Section 13(c) of the UMT Act as one of the central road blocks to improved productivity and cost-effectiveness in the industry. While APTA has long supported administrative, rather than legislative reforms in the implementation of 13(c), it is important to note that significant productivity gains have been made under the current statutory labor protection requirements.

Within the last several months, UMTA and DOL have again begun consideration of administrative reforms to 13(c). APTA fully supports this effort and urges Congress to lend whatever encouragement it can to ensure a continuing dialogue and positive results.

Restricting service to the public. After five years of indecision and two prior attempts at rulemaking, UMTA issued on April 13, 1987 dramatically revised final federal regulations governing the provision of charter services by recipients of federal transit assistance.

Without question, the practical effect of the regulation is to prohibit public transit agencies from directly providing any charter service whatsoever. The regulation makes no effort to disguise the basic motive, that is to provide an economic boost to a financially troubled private industry at the likely expense of local citizens and public transit systems.

The effective prohibition on publicly provided charter service directly contradicts UMTA's policy of requiring increased competition in the provision of transit services. The effects will be precisely those which UMTA predicts result from the lack of competition in the provision of traditional transit services:

- Greatly diminished availability of service for local citizens and groups;
- Denial of the use by local residents of equipment and facilities funded in part by local taxes;
- The possibility of decreased quality and responsiveness in charter service delivery;
- Potentially higher costs to the public for charter services, particularly under arrangements which allow private parties that do not own or operate vehicles, to declare themselves willing and able providers and lease publicly-funded equipment for their own profit;
- Less efficient use of publicly-funded equipment which will sit idle during off-peak periods if not available for charter use;
- Lost revenue to financially burdened public transit systems.

The regulations appear to extend well beyond UMTA's statutory authority. In addition, they severely reduce the growing competitiveness and creativity of public transit systems

and they reflect a total disregard for the needs of transit users and clients throughout the community.

In a recent letter sent to Secretary of Transportation Elizabeth Dole, APTA has asked the Administration to immediately suspend implementation of the regulations.

#### Summary

The point of the foregoing discussion is that the transit industry has responded very positively to the mounting need for greater productivity, effectiveness and efficiency. The industry has honed its own competitive edge and is dedicated to continue to do so as an important step in underwriting and supporting the national drive toward greater competitiveness and continued increases in our quality of life and standard of living.

Federal transit investment is an essential tool to reinforce this progress. It provides vitally needed capital funds that would not otherwise be available and it underwrites management efforts to pursue continued increases in efficiency, effectiveness and productivity.

#### FIVE-YEAR TRANSIT INVESTMENT NEEDS

In 1983, APTA undertook to assess the five-year mass transit capital investment requirements and plans of public transit systems around the country to better inform Congress and local officials of the financial commitment required to meet local, state and national transit objectives. It is our belief that the resulting information has served Congress and the Subcommittee well.

APTA has updated the information on transit investment requirements for the 1988 to 1992 time period. Results from this exhaustive effort are provided below, but it is worth highlighting the major findings of the study to establish clearly the importance of providing funding at fully authorized levels for 1988 and beyond.

#### Transit Investment Highlights

- o Total capital investment requirements of \$31.4 billion, 1988-1992, or an average of \$6.29 billion per year;
- o \$10.1 billion in bus and bus facility investments, including \$4.5 billion in vehicles, \$3.5 billion in facilities and \$2.1 billion busway and bus lane facilities;
- o \$12.4 billion in rail system modernization;
- o \$8.5 bil in new rail system development;
- o \$449 mil in vehicle and facility needs among small urban and rural systems;
- o A \$19.7 billion capital shortfall when five-year investment requirements are compared to authorized funding levels;
- o Over \$10 billion in transit operating requirements.

## OVERALL TRANSIT CAPITAL INVESTMENT REQUIREMENTS

In updating its five-year capital investment survey, APTA received responses from 140 systems, representing over 70 percent of the transit vehicle fleet, nationwide.

The overall results of the survey are provided in Table 1, indicating a total capital investment requirement from 1988 to 1992 of \$31.4 billion.

Table 1  
FIVE-YEAR TRANSIT CAPITAL INVESTMENT REQUIREMENTS BY MODE:  
1988-1992

| Mode                               | Capital Investment<br>Required*<br>(Millions) | Percent |
|------------------------------------|-----------------------------------------------|---------|
| Bus                                | \$10,104                                      | 32.2    |
| Vehicles                           | \$4,488                                       |         |
| Facilities                         | 3,525                                         |         |
| Busways/HOV                        | 2,091                                         |         |
| Rail                               | 20,878                                        | 66.4    |
| Modernization                      | 12,364                                        |         |
| New Rail Systems and<br>Extensions | 8,514                                         |         |
| Small Urban/Rural                  | 449                                           | 1.4     |
| Vehicles                           | 318                                           |         |
| Facilities                         | 131                                           |         |
|                                    | \$31,431 million                              | 100.0%  |

\*1988 dollars

In comparing the results of the earlier 1983 survey, it is important to note that the total projected needs appear to be approximately \$5 billion below the five-year, \$36 billion figure estimated in the 1983 survey. One reason for this apparent difference has been a reconfiguration of capital plans and programs in many parts of the country brought on by the economic climate and continuing fiscal stress in various locations. Plans in some areas have simply been scaled down or stretched out.

Another major factor, however, is the considerable uncertainty that has been introduced into the rail area by virtue of the Administration's persistent demands to greatly restrict or do away with federal support for new rail system development in particular and discretionary funding in general. Delays in the actual commitment of UMTA discretionary funds for ready-to-go, Congressionally-earmarked projects has also introduced some confusion and uncertainty into local areas trying to reasonably anticipate or schedule rail project development that may require future federal support. As a result, there are some half-dozen possible rail projects including those in Chicago, Cleveland, Columbus, Honolulu, Milwaukee, Minneapolis-St. Paul and San Jose that are well-identified or under serious consideration locally, for which cost estimates are not included in this analysis. These projects could add as much as \$2.5 billion additional to the new system development and extension figures included in Table 1.

Table 2 provides another breakdown of overall five-year transit capital investment requirements. The table incorporates major busway and related proposals into the overall new start category to correspond more closely with how these types of projects would likely have to proceed through a federal evaluation and funding process, i.e., competition for significant discretionary funding. Additional project costs that might be added to the new start category from projects noted above would bring the modernization and new start categories into closer balance, as anticipated by past industry estimates and projections.

Table 2  
FIVE-YEAR TRANSIT CAPITAL INVESTMENT REQUIREMENTS  
BY PROJECT TYPE: 1988-1992

| Project Type                               | Capital Investment<br>Required<br>(Millions) | Percent |
|--------------------------------------------|----------------------------------------------|---------|
| Bus Services                               | \$ 8,351                                     | 26.6%   |
| Rail Modernization                         | 12,364                                       | 39.3    |
| Bus and Rail/New Starts<br>and Extensions* | 10,267                                       | 32.7    |
| Small Urban and Rural                      | 449                                          | 1.4     |
|                                            | \$31,431                                     | 100.0   |

\*Includes major busway, bus lane and HOV projects.

#### Update on the Condition of Capital Facilities and Equipment

Recent capital investments in transit have enabled transit managers to make some progress in improving the overall condition of plant and equipment. As has been suggested in the past, however, the progress has been slower than desired. A greater immediate commitment of resources at all levels, including the federal level, remains essential to seriously reduce the continuing capital investment backlog.

Updated figures on the current condition of transit plant and equipment are highlighted below:

#### Bus Vehicle Fleet:

- Average fleet age is 8.4 years;
- 23% of the fleet, (14,167 vehicles) is over 12 years old;
- 12% of the fleet (7,181 vehicles) is over 15 years old;
- The immediate cost to replace vehicles over 12 years old exceeds \$2.1 billion.

#### Rail Vehicle Fleet:

- Of over 10,300 heavy rail vehicles:
  - the average age is 17 years;
  - 21.4% (2,200 vehicles) are over 25 years old;
  - immediate replacement of those over 25 years would cost in excess of \$2.2 billion;



--Of nearly 940 light rail vehicles:

- the average age is 16 years;
- 37.6% (351 vehicles) are over 25 years old;
- immediate replacement of those over 25 years would cost in excess of \$440 million;

--Of 4,150 commuter rail vehicles:

- the average age is 15.4 years;
- 19.5% (810 vehicles) are over 25 years old;
- immediate replacement of those over 25 years old would cost in excess of \$600 million.

#### Bus Facilities:

--Of the 325 bus facilities identified:

- 16% are over 60 years of age;
- 23% are over 40 years of age;
- 33% have capacity shortages under current service conditions.

#### Rail Facilities

--Of 138 rail maintenance and operating facilities identified:

- 38% are over 60 year of age;
- 64% are over 40 years of age.

It is clear from the current condition of transit plant and equipment that a very substantial portion of total capital needs throughout the industry are associated with equipment and facilities that have already reached or exceeded their economic life.

The objectives of improving efficiency and productivity, reducing operating costs, and increasing the quality and reliability of service cannot be fully met if this capital investment backlog is not significantly reduced.

#### Needs Associated With Current Service Levels

As was reported from the earlier 1983 survey, the vast majority of needs from 1988 to 1992 are associated with maintaining existing levels of service. Over 72 percent of the reported bus needs in the next five years are directly associated with maintaining current levels of service.

The same is true of the rail needs. Modernization of existing systems and services represents nearly 60 percent of all rail needs. In addition, many of reported new system and extension projects are already part of locally adopted transportation improvement programs (TIPs) and are designed, in part, to serve current travel demands which have overwhelmed local roadway networks and outstripped available transit capacity. This is particularly true in the fasted growing areas of the country.

In total, over 70 percent of the projected capital needs from 1988 to 1992 are associated with existing systems and services and current travel demands.

### Summary of Bus Capital Investment Requirements

Survey results indicate that over \$10 billion will be needed to meet the capital investment requirements of the nation's bus systems in the next five years. These requirements are split among vehicles (44.4%), maintenance facilities and equipment (34.9%) and busways and bus lane facilities (20.7%). Excluding busways, the vehicle/facility split is 44 percent and 56 percent, respectively.

One of the more noteworthy results of the survey has been the addition of numerous busway-type projects and systems as a significant new approach to the provision of high-capacity, fixed-guideway service. At least fifteen urbanized areas are planning new or additional busway or bus lane systems or facilities in the next five years. The emergence of major busway programs attests to the rising interest in lower initial capital cost, high-capacity options.

**Bus Vehicles.** Projected bus needs include the purchase of over 24,878 vehicles in the next five years, or an average of 4,975 vehicles per year. This is somewhat higher than the highest single year of actual bus purchases under the UMTA program, of 4,437 vehicles in 1981. This figure appears logical, however, in view of the fact that 15,400 buses are already now at or beyond the end of their 12-year useful economic lives.

Table 3 indicates the make-up of the reported vehicle needs by type, and whether new or rehabilitated vehicles are desired. As another indicator of the attention being given to more cost-effective procurement, the number of vehicles proposed for rehabilitation has nearly doubled since the last survey, from 2,260 vehicles to over 4,000. Still, however, the planned purchase of new vehicles represents 86 percent of the overall market.

As expected, standard 35-40 foot transit buses dominate the market, accounting for over 80 percent of anticipated new purchases and virtually all of the rehabilitation market. The projected number of both van and small bus purchases over the five-year period has increased by approximately 500 vehicles from the previous survey while projected purchases of articulated buses has dropped by 1,000 vehicles. The increasing reliance on smaller vehicles reflects another economy-related trend while the projected decline in articulated bus purchases may reflect current saturation of a specialized market due to recent purchases of articulated vehicles.

Table 3.  
FIVE-YEAR BUS VEHICLES INVESTMENTS: 1988-1992

| Type of Vehicle       | New                |                | Rehab            |               | Total              |                |
|-----------------------|--------------------|----------------|------------------|---------------|--------------------|----------------|
|                       | #                  | %              | #                | %             | #                  | %              |
| Vans                  | 1,752              | 7.0%           | 5                | 0.1%          | 1,757              | 6.0%           |
| Small Bus             | 1,529              | 6.2            | 0                | -             | 1,529              | 5.3            |
| Medium Bus            | 686                | 2.8            | 31               | 0.8           | 717                | 2.5            |
| Standard Bus          | 20,030             | 80.5           | 4,006            | 98.1          | 24,036             | 83.0           |
| Articulated Bus       | 881                | 3.6            | 39               | 1.0           | 920                | 3.2            |
| <b>TOTAL VEHICLES</b> | <b>24,878</b>      | <b>(85.9%)</b> | <b>4,081</b>     | <b>(14.1)</b> | <b>28,959</b>      | <b>(100.0)</b> |
| <b>TOTAL NEEDS</b>    | <b>\$4,184 mil</b> |                | <b>\$304 mil</b> |               | <b>\$4,488 mil</b> |                |
|                       | <b>(93.2%)</b>     |                | <b>(6.8%)</b>    |               |                    |                |

Results from the needs survey also allow a breakdown of bus vehicle needs among communities of various sizes. Table 4 illustrates the overall distribution of bus vehicle needs in three population categories and indicates the much stronger reliance of small communities on smaller vehicles. Some small, but significant changes are evident from the prior survey, however. First, the proportion of new vehicles as a percent of total in areas over 1.0 million population has declined nearly 10 percent from the past survey, indicating the heavier reliance on rehabilitation efforts in large systems. Curiously, the reverse appears to be true in medium-sized areas of 200,000 to 1.0 million population. Finally, the percent of small buses and vans to be purchased in both large and medium areas has increased significantly from prior survey results, as noted above.

Table 4  
FIVE-YEAR BUS VEHICLE NEEDS BY URBANIZED AREA SIZE

| Size of Urbanized Area | New Vehicles as a % of Total | Vehicle Needs by Size |                  |             |
|------------------------|------------------------------|-----------------------|------------------|-------------|
|                        |                              | Standard              | Small/Medium/Van | Articulated |
| Over 1.0 Million       | 82%                          | 87%                   | 9%               | 4%          |
| 200,000 to 1.0 Million | 99%                          | 72%                   | 26%              | 2%          |
| 50,000 to 200,000      | 84%                          | 61%                   | 39%              | -           |

Bus Maintenance Facilities and Directly Related Equipment. Over \$1.6 billion is projected to be required for maintenance facility investments, including buildings and maintenance equipment. The vast majority of this investment (94%) is for buildings. Over 40 percent of the building investment or \$658 million is intended for new facilities to replace existing ones, 27 percent or \$410 million is for totally new facilities (not replacement), and 22 percent or \$328 million is for rehabilitation of existing facilities. These figures are highlighted in Table 5.

Table 5  
FIVE-YEAR BUS MAINTENANCE FACILITY INVESTMENTS:  
1988-1992 (Millions)

|             | New (Not Replacement) | New (Replacement) | Expansion | Rehab   | Total     |
|-------------|-----------------------|-------------------|-----------|---------|-----------|
| Buildings   | \$409.5               | \$658.3           | \$121.4   | \$327.6 | \$1,516.8 |
| % of bldgs. | 27.0%                 | 43.4%             | 8.0%      | 21.6%   | 100.0     |
| % of total  | 25.4%                 | 40.8%             | 7.5%      | 20.3%   | 94.0      |
| Equipment   | \$ 33.5               | \$ 38.1           | \$ 21.9   | \$ 2.7  | \$ 96.2   |
| % of Equip. | 34.8%                 | 39.6%             | 22.8%     | 2.8%    | 100.0     |
| % of total  | 2.1%                  | 2.4%              | 1.3%      | 0.2%    | 6.0       |
| TOTAL       | \$443.0               | \$696.4           | \$143.3   | \$330.3 | \$1,613.0 |
| % of Total  | 27.4%                 | 43.2%             | 8.9%      | 20.5%   | 100.0     |

Table 6 summarizes \$4.0 billion in added capital investment for miscellaneous bus facilities and equipment. The needs reported in the miscellaneous bus categories represent a broad range of requirements, most of which (computers, park and ride facilities, transfer facilities and bus lanes, etc.) reflect investments necessary to increase efficiency of system operations and management.

Table 6  
FIVE-YEAR MISCELLANEOUS BUS CAPITAL NEEDS

| Type of Facility/<br>Equipment                                          | Percent of Systems<br>Reporting Needs | Needs<br>(Millions) |
|-------------------------------------------------------------------------|---------------------------------------|---------------------|
| Computers                                                               | 77%                                   | \$ 162              |
| Communications                                                          | 44                                    | 127                 |
| Park and Ride Facilities                                                | 22                                    | 338                 |
| Terminals, Stations,<br>Transfer Facilities                             | 39                                    | 659                 |
| Busways/Bus Lanes                                                       | 11                                    | 1,753               |
| Service Vehicles                                                        | 68                                    | 94                  |
| Administrative Facilities<br>(In addition to maintenance<br>facilities) | 10                                    | 90                  |
| Parts/Supplies                                                          | 39                                    | 522                 |
| Bus Shelters                                                            | 51                                    | 62                  |
| Other                                                                   | -                                     | 197                 |
| TOTAL                                                                   |                                       | \$4,004             |

#### Summary of Rail Capital Needs

In discussing projected five-year rail capital needs across the country, two major features are worth noting: the continuing urgency of our substantial rail modernization needs; and, the sustained interest and importance of new system development. Table 7 lists areas of the country planning and reporting major capital investments in rail or fixed guideway systems over the next five years.

Table 7  
AREAS REPORTING RAIL OR FIXED GUIDEWAY NEEDS: 1988-1992

| Mode                  | Rail<br>Modernization                                                                                            | New and<br>Extensions to<br>Existing Systems                                                                                                                                                                  |
|-----------------------|------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Heavy Rail            | New York<br>Chicago<br>Philadelphia-NJ<br>San Francisco<br>Washington<br>Boston<br>Cleveland<br>Atlanta<br>Miami | New York<br>Chicago<br>San Francisco<br>Boston<br>Atlanta<br>Washington<br>Baltimore<br>Miami<br>Los Angeles                                                                                                  |
| Light Rail            | Philadelphia<br>San Francisco<br>Boston<br>Pittsburgh<br>Cleveland<br>New Orleans                                | San Francisco<br>Boston<br>Pittsburgh<br>San Diego<br>Buffalo<br>NE New Jersey<br>Portland<br>San Jose<br>Houston<br>Dallas<br>St. Louis<br>Kansas City<br>Long Beach<br>Norfolk<br>Sacramento<br>Los Angeles |
| Commuter Rail         | New York-New Jersey<br>Chicago<br>Philadelphia<br>Boston<br>Caltrans-SF<br>Pittsburgh                            |                                                                                                                                                                                                               |
| Busways/<br>Bus Lanes |                                                                                                                  | Houston<br>Charlotte<br>Columbus<br>Honolulu<br>Indianapolis<br>Miami<br>NE New Jersey<br>Nashville<br>New York<br>Orange County<br>Pittsburgh<br>San Antonio<br>San Francisco<br>Seattle<br>Denver           |



The total scope of reported rail capital needs over the next five years is summarized in Table 8, by mode and the type of improvements being proposed.

Table 8  
FIVE-YEAR RAIL CAPITAL NEEDS: 1988-1992

| Mode                    | Rail<br>Modernization | Rail Extensions<br>and<br>New Rail Systems* | Total    |       |
|-------------------------|-----------------------|---------------------------------------------|----------|-------|
|                         |                       |                                             | \$       | %     |
| Heavy Rail              | \$ 7,832              | \$ 4,773                                    | \$12,605 | 60.4  |
| Light Rail              | 803                   | 3,279                                       | 4,082    | 19.6  |
| Commuter Rail/<br>Other | 3,729                 | 462                                         | 4,191    | 20.0  |
| TOTAL                   | \$12,364              | \$ 8,514                                    | \$20,878 | 100.0 |
| % of Total              | (59.2%)               | (40.8%)                                     | (100.0%) |       |

\*Note: Includes rail projects only; does not include busway projects, systems or estimates most of which are included in Table 2 as "new systems."

More than half of the reported rail capital needs are associated with modernization of existing systems which will require over \$12 billion of capital investment over the next five years. The majority of the modernization needs--\$7.8 billion--are associated with heavy rail systems. Another \$3.7 billion is needed to modernize commuter rail services.

Balancing these urgent and well-recognized modernization needs is over \$8.5 billion necessary to support new rail system development. Since 1983, the modal emphasis has shifted to light rail (and busways) and away from heavy rail.

Rail Modernization. With respect to rail modernization, our nation's rail transit systems and their patrons, continue to cope with worn out equipment and facilities. Despite the current condition of our existing capital plant, however, transit managers, policy makers, and local officials have begun, on a limited basis to halt and even reverse the deterioration of these systems and improve their performance. This progress has been illustrated by modest reductions in the amount of equipment and facilities that are presently past their useful economic lives compared to similar statistics from the 1983 study.

The ability to continue the kinds of rail modernization improvements that are essential, however, on the scale and timetable that is necessary remains dependent upon the provision of the highest possible funding levels.

Rail modernization needs fall into three basic categories of investment: vehicle requirements; improvements to existing maintenance facilities; and improvements to a host of other critical facilities and systems (e.g. track, structures, stations, power, communication, etc.). Table 9 highlights projected five-year rail modernization vehicle requirements. Over 4,800 vehicles will require purchase, replacement or rehabilitation. The major emphasis, however, is on rehabilitation of existing vehicles as shown in the Table.

Table 9  
FIVE YEAR RAIL MODERNIZATION VEHICLE NEEDS

|                          | Type of Improvement      |                                     |                        | TOTAL   |
|--------------------------|--------------------------|-------------------------------------|------------------------|---------|
|                          | New Replacement Vehicles | Rehabilitation of Existing Vehicles | New Expansion Vehicles |         |
| Number of Vehicles       | 519                      | 3,800                               | 489                    | 4,806   |
| Percent                  | (11%)                    | (79%)                               | (10%)                  |         |
| Reported Cost (Millions) | \$600                    | \$1,376                             | \$564                  | \$2,540 |
| Percent                  | (24%)                    | (54%)                               | (22%)                  |         |

Note: Proposed investments itemized in this table do not necessarily reflect the upgrading of or replacement of all vehicles that are now past their useful economic life, as itemized in the previous inventory section. Nor do these figures reflect any decisions or interpretations by respondents on the use of new mid-life overhaul provisions of H.R. 2.

In addition to necessary vehicle investment, rail modernization efforts are projected to include major investments in maintenance facilities and related equipment. The survey indicates over 50 rail maintenance facility projects are planned between 1988 and 1992. These are equally split between major facility rehabilitation and facility expansion.

Finally, of the systems projecting rail modernization investments from 1988 to 1992, the following improvements are planned:

- 75% will need to invest in station improvements;
- 70% will need to invest in signals and communications;
- 55% will need to invest in electric power systems.

#### Modernization Needs Consistent with UMTA Rail Modernization Study

Although requested by Congress initially in 1979, UMTA has only recently released the final report of an exhaustive assessment of rail transit modernization needs across the country. Early activities of the study were assisted by a Rail Modernization Study Liaison Board consisting of experienced transit operators and managers from each rail modernization system in the country.

While it has been impossible to fully digest the extensive detail contained in the study report just released, it is absolutely clear that the ten-year cost estimates for modernization of existing rail facilities and equipment in the UMTA study are highly consistent with the five-year APTA survey. Also, the UMTA study clearly documents the poor existing condition of much of our nation's rail transit capital plant.

The UMTA study projects over \$17.8 billion in total modernization costs over the ten-year period, using 1983 dollars. Inflating to 1988 dollars for comparison with APTA five-year survey estimates indicates a current total cost of \$21.479

billion. APTA's five-year rail modernization figure is \$12.364 billion, or roughly 58 percent of UMTA's ten-year figure.

The very minor apparent difference between the total levels of investment projected by the two studies over the two different time periods is likely to reflect the need to make more of the necessary investment in the initial five-year period. Front-loading these investments, as is implied by APTA survey results, is entirely logical and prudent since steady-state expenditures would be far less effective in addressing the considerable backlog of rail modernization work that should be done immediately to replace equipment and facilities already past their useful economic lives.

The UMTA study also contains information or recommended courses of action which should be evaluated or considered further by systems at the local level, including the accuracy of the sample-based condition and cost estimates.

Also, the approach taken to cost-effectiveness assessment needs further careful consideration by individual systems to determine whether or not the "projects," system "segments" and cost-effectiveness indices defined by the consultants provide a comprehensive, realistic or practical basis for setting local priorities and making actual investments.

In any event, the scope of overall investment requirements, the estimates of the type of improvement needed and the priorities for where and when that investment should take place should ultimately be established and justified locally.

Despite these questions, the independent UMTA and APTA projections of rail modernization investment requirements strongly support one and other, and greatly exceed currently authorized resources. As a result, the two study efforts, in combination, provide an unassailable argument for appropriating funding at no less than fully authorized levels.

New Starts and New System Development. The second major aspect about our nation's rail transit needs is equally challenging. Today, there is more new rapid transit development taking place in the United States than at any time since the turn of the century. A variety of circumstances have prompted communities across the country to carefully explore and fully commit themselves to a whole new generation of high-capacity, fixed-guideway transit systems and services. These commitments are based on the need to bolster local and regional economies, to overcome intractable highway congestion, to meet population growth and shifts, and to enhance the quality of life and regional mobility in our urban areas.

To the same degree that the extensive modernization needs of our older rail transit systems deserve increased support, we must find the means to promote and adequately support new system development. At least twenty urbanized areas are projecting major capital investments in new high-capacity, fixed-guideway facilities or extensions to existing systems between 1988 and 1992. Investment of over \$8.5 billion is anticipated in the next five years specifically for new rail projects, and an additional \$2.0 billion for major busway projects. A host of other regions also have projects under development which may add to this planned investment as modal decisions and project schedules become more clear at the local level.

Summary of Transit Operating Requirements. Over \$10 billion is spent annually throughout the country to support public

transportation service and operations. The partnership that supports this critical investment must be maintained, including the vital federal contribution to transit operations.

Despite the substantial strides in cost-control noted earlier, operating budgets remain tight and the pressure on state and local governments is severe. Today, state and local taxpayers provide over 50 percent of the funding needed to support public transit system operations. Riders provide an additional 40 percent through fares while the federal government provides less than eight percent of operating revenues. Yet, the contribution of the federal partner remains critical. For medium and smaller systems, including small urban and rural systems, this is particularly true, with federal operating support frequently accounting for 30 percent of total system revenues.

The continuation of the federal operating program at the levels established in H.R. 2 is central to the retention of a balanced, broad-based and effective federal program. Pressure on state and local government budgets from recent declines in all types of federal assistance, as well as potential restrictions on local revenue-raising that arise, in part, out of recent federal tax reform legislation, makes it virtually impossible to fully replace all federal support with state or local sources for any programs. This is certainly true with respect to support for public transit operations.

Under the circumstances, it is vital to continue the current modest federal investment in transit operations which, in part, underwrites the maintenance of federally-supported capital equipment as well as the significant costs of compliance with federal requirements and regulations. As transit operating requirements continue to grow, the federal contribution will continue to decrease in percentage terms and in lost purchasing power.

#### Summary of Small Urban and Rural Investment Requirements

Today over 1,000 systems provide transit services to residents of small urban and rural communities with populations under 50,000 across the country. Federal support for these systems and services through the UMTA Section 18 program is absolutely vital in order to maintain minimum levels of mobility in rural America.

Until now, very little detail has been known about the future capital requirements of these small, but essential systems. As part of its recent capital investment survey of urbanized area transit systems, APTA, working through state transit associations and state departments of transportation, also undertook to survey the capital needs of a sample of the over 1,000 small urban and rural systems, nationwide.

The survey is the first of its kind and will hopefully provide both useful information as well as the impetus to improve and expand efforts to assess those investment needs on an ongoing basis.

The Survey Response. Over 100 survey responses were received from systems in fifteen states covering all regions of the country. This represents an approximate 10 percent sample. While the statistical validity of this small sample is unclear, it has been used as the basis for estimating total small urban and rural capital investment needs for illustrative purposes.



Capital Investment Requirements. Through simple expansion of the survey responses, it is estimated that nearly \$450 million in capital investment would be required in systems serving small urban and rural areas between 1988 and 1992. This includes \$318 million in vehicle needs and \$131 in facility investments.

These requirements are based both on routine replacement of vehicles as well as significant projected growth in the size and operation of small urban and rural systems in the next five years. Fully 70 percent of the survey respondents anticipate an average growth of 15 percent in vehicle miles and hours over the next five years, with an anticipated 22 percent growth in ridership. Table 10 summarizes the estimated capital investment needs of the nation's small urban and rural systems, 1988-1992.

Table 10  
FIVE-YEAR SMALL URBAN AND RURAL TRANSIT CAPITAL INVESTMENT  
REQUIREMENTS: 1988-1992

| Category/<br>Type        | Estimated<br>Number | Cost<br>(Millions) |
|--------------------------|---------------------|--------------------|
| <u>Vehicles</u>          |                     | \$317.6            |
| Expansion <sup>1</sup>   |                     | \$71.3             |
| Standard Buses           | 193                 | \$25.1             |
| Small Buses              | 510                 | 35.7               |
| Vans                     | 701                 | 10.5               |
| Replacement <sup>2</sup> |                     | \$246.3            |
| Standard Buses           | 614                 | 54.4               |
| Small Buses              | 2,529               | 122.5              |
| Vans                     | 6,675               | 69.4               |
| <u>Facilities</u>        | 219                 | \$131.4            |
| <u>TOTAL</u>             |                     | \$449.0            |

<sup>1</sup>Reflects current mix of vehicles in small urban and rural system fleets.

<sup>2</sup>Reflects a variety of approaches and vehicle costs based on respondents' information regarding new purchase, rehab, used purchase, lease, contract, etc.

#### Investment Requirements vs. Authorized Funding Levels

In assessing the importance of providing appropriations at fully authorized levels, it is essential to recognize the substantial gap that exists between fully authorized funding levels and projected investment requirements.

Approximately \$11.7 billion in federal capital funding is estimated to be available between 1988 and 1992 compared to \$31.4 billion in five-year capital investment requirements. The shortfall, even at fully authorized levels, is \$19.7 billion over the five-year period. There is virtually no chance that a shortfall of this magnitude will be made up from non-federal sources in any combination.

Even at fully authorized levels, extremely difficult decisions will be required in prioritizing capital investments at the local level. Important, sometimes vital projects and improvements will invariably continue to be delayed and deferred. Progress on reducing the backlog of transit capital investment



will again be slower than desired, even at fully authorized funding levels.

This sobering comparison, perhaps better than any other single rationale, illustrates the overwhelming importance of providing appropriations at fully authorized levels, beginning immediately in 1988.

#### SUMMARY

APTA hopes that these many perspectives will be of value to Subcommittee members and that, taken together, they will provide the basis for the Subcommittee and Congress to provide the full funding authorized in H.R. 2, a commitment which is absolutely necessary to allow our nation's public transit systems and managers to realize their full potential in the years ahead.

#### BOAT OWNERS ASSOCIATION OF THE UNITED STATES

##### STATEMENT OF MICHAEL SCIULLA, VICE PRESIDENT

Senator LAUTENBERG. Mr. Sciulla, you have with you Mr. Stewart. Is that right, Mr. Sciulla? Mr. Sciulla, we have talked before.

Mr. SCIULLA. Good morning. Yes, we have indeed.

Senator LAUTENBERG. I am talking to a boat lover. And I would remind you again that when the time is up, the time is up. So, please proceed.

Mr. SCIULLA. I promise it will take me less time to get from the beginning of this testimony to the end than it would take you just to douse your sails, Mr. Chairman.

I am Michael Sciulla, vice president of Boat Owners Association of the United States. Should you ever turn from a sailboat to a powerboat, Mr. Chairman, you will join some 9 million other people across this land who are paying the federal fuel tax on the fuel that they buy. That generates approximately \$100 million a year.

Back in 1984 the Congress decided that it was unfair to have that money to go into the highway trust fund, and so they set up a boating trust fund now called the Wallop-Breaux trust fund that takes that money in, some \$100 million, and gives some \$30 million of it back to the states for their boating education, safety, and law enforcement programs.

We are here today to urge you to provide a full appropriation from that trust fund, Mr. Chairman. And I should point out that these are trust fund moneys, not general revenue moneys. In New Jersey, for example, the state received some \$750,000 over the last year. And they have been able to buy some nine 20-footers, some six 25-footers, one 40-footer and one 48-footer, and some 25 outboard engines in order to equip and maintain their patrol boats so that they can get out in the water, Mr. Chairman, provide the law enforcement and the safety patrols that are necessary to cut the fatalities on the water.

Now, I should point out that recreational boating fatalities are the second or third highest number of transportation-related fatalities across

the board after aircraft and highways. They usually come in either second or third.

So, this amounts to a full \$30 million, Mr. Chairman. We ask that you release this money from the trust fund. We appreciate the support of the committee in past years, and we look forward to working with you in the future. Thank you.

Senator LAUTENBERG. Thank you very much, Mr. Sciulla.

[The statement follows:]

## STATEMENT OF MICHAEL SCIULLA

Mr. Chairman and Members of the Subcommittee:

I am Michael Sciulla, Vice President of Boat Owners Association of The United States (BOAT/U.S.). With nearly a quarter million members from all 50 states, we are the largest national organization of boat owners in the country. We appreciate the invitation to appear before this panel and wish to thank you for the opportunity to express our concerns.

I am here today to support a full appropriation of the \$30 million authorized for disbursement from the Boating Safety Trust Fund. I also urge you to reject an Administration proposal to reduce trust fund allocations to the states by \$15 million by transferring this amount to the Coast Guard's budget. The authorizing committees are now working on a compromise proposal to remedy this problem.

Before I talk about what the authorizing committees are doing, let me quickly outline for you some of the history behind the Boating Safety Account of the Wallop/Breaux Trust Fund.

The Boating Safety Account derives its revenues from the nine cents per gallon federal excise tax on fuel. As the taxes attributable to motorists go to the Highway Trust Fund for the building and repair of highways, the Congress declared in 1980 that the federal fuel taxes paid by boaters be used to improve boating and encourage safety on our waterways.

Congressional support for this program has grown substantially over the years. Initially authorized in 1980 at \$20 million, the authorization was raised to \$45 million in 1983 to reflect the five cents per gallon increase in the federal fuel tax. In 1985 the Congress again expressed its support for using these taxes to benefit those who paid them when it passed P.L. 98-369 (Wallop-Breaux Act). This legislation requires that all of the federal taxes paid by boaters and sportsfishermen be returned to the states for their boating safety and aquatic resources programs.

The amounts appropriated for boating safety have reflected this growing Congressional support. From an initial appropriation of \$12.5 million in FY 1983, trust fund appropriations have risen to the full \$30 million authorized.

What have the states been doing with these fuel taxes paid by boat owners? According to a survey of state recreational boating programs, these funds have enabled 32 states to conduct 21,545 search and rescue cases. This is over 40% of the entire amount conducted by the U.S. Coast Guard. In fact, 20 states indicate that they can now handle search and rescue without the Coast Guard. To put this in perspective, a Department of Transportation study conducted in 1976 indicated that the states were only performing 4% of all search and rescue cases.

In New Jersey, for example, the state has been able to build a more effective boating safety program through the \$756,000 it received in FY 1987. The state purchased two new 32-foot, one 25-foot and two 18-foot patrol boats along with radars, lorans and

life rafts to equip the boats as well as a heavy duty trailer to enable them to be used in various parts of the state. We understand that a new patrol station will be opened to increase coverage in areas not previously covered and that a significant amount of money has been dedicated to teaching boating safety courses in the schools.

Furthermore, the Coast Guard is benefiting from the fuel taxes paid by boat owners. Under P.L. 98-369, the Coast Guard was authorized to receive \$15 million from the fund annually. To date, \$60 million has been authorized for the Coast Guard from the fund as partial compensation for the money it spends on boating safety.

As the states have increased their boating safety efforts, there has been a concomitant decrease in Coast Guard expenditures related to recreational boating. In fact, the number of Coast Guard personnel dedicated to boating safety has decreased from 575 in 1980 to 190 today. And, program costs have been cut from \$19 million in 1980 to \$12.3 million in FY 1986.

Having provided this short overview of the fund's legislative history, let me turn to the Administration's FY 1988 budget proposal.

Of the \$45 million available in the Boating Safety Account of the Wallop/Breaux Trust Fund, the states are authorized to receive \$30 million for their boating safety, education and law enforcement programs and the Coast Guard gets the remaining \$15 million. The Administration proposes to reverse this formula by taking \$15 million away from the states and giving it to the Coast Guard.



There is a much better solution at hand. Instead of taking \$15 million away from the states, we suggest that the Congress do exactly what was done last year - give the Coast Guard \$15 million of the \$31 million in additional fuel taxes identified by the Treasury Department in 1986 as being attributable to motorboats.

To implement this proposal, the House is drafting legislation which will increase the authorization of the Boating Safety Account for FY 1988 from \$45 million to \$60 million. Both the Coast Guard and the states would equally split this amount at \$30 million each. This solution should satisfy all parties concerned and we urge your support.

Mr. Chairman, the states are now doing more and the Coast Guard less. This is precisely what was envisioned when the Boating Safety Trust Fund was first established. We urge you to continue to provide the states with the necessary funds to do the job at the full level authorized by Congress.

On behalf of our Association members I would like to thank you for the opportunity to express our concerns. I will be happy to reply to any questions.

NATIONAL ASSOCIATION OF STATE BOATING LAW ADMINISTRATORS  
STATEMENT OF GEORGE W. STEWART, JR., CHAIRMAN, LEGISLATIVE  
COMMITTEE

Senator LAUTENBERG. Mr. Stewart, did you want to add?

Mr. STEWART. Yes, Mr. Chairman, my name is George Stewart. I am the chairman of the legislative committee of the National Association of State Boating Law Administrators. The boating law administrator is generally that individual at the state level that plans and directs the boating safety program.

And I would just like to say that we work very closely with the Coast Guard. We have a good working relationship. We have an open line of

communication between their office in Washington that administers the funds, plus the local Coast Guard units in the state. And we recognize and appreciate what the Coast Guard Auxiliary is doing on our state borders.

The Coast Guard recognizes the major contribution that we are making in the area of boating safety. And Mike has alluded to how we are using the funds. But they go on to say that boating fatalities are down by 70 percent of what they were before 1971 when the Federal Boat Act came into play.

My testimony lists a number of items that we are doing at state level—use of the funds, such as replacing the BOSDET teams that the Coast Guard had on the water and handling regatta permits and things of that nature. There is a full listing in the testimony.

In the second session of the 99th Congress, our association supported legislation to raise the boating safety authorization cap from \$45 million to \$60 million. This legislation was for fiscal 1987 only. And we recommend that this be a permanent reallocation of funds transferred to the boating safety account of \$60 million with \$30 million going to the Coast Guard and \$30 million to the states.

This extra money is coming from the raising of the tax on—recognizing that boaters have contributed instead of 0.75 percent to 1.08 percent of the total revenue. So, it is a user fee. And by giving \$15 million additional to the Coast Guard, that would allow the additional moneys to roll over to the fishery fund. So, we think the winner would obviously be the marine community who take to the waters for both recreational boating and fishing.

That concludes my comments. I would be happy to answer any questions you might have.

Senator LAUTENBERG. Thank you very much.

Mr. Sciulla, I am curious about one thing very quickly. Based on the comments that you made about the number of fatalities and number of accidents that occur on the water—and we have seen them—certainly boating can be made a lot safer if people knew what they were doing, if they took the time to learn what they ought to be doing. I wonder if states across the country are doing anything about licensing operators of boats?

Mr. SCIULLA. There was legislation recently passed in Maryland essentially to require those—it is a youthful operator license, those under 16. There are about 15 states that now require a youthful operator license. Florida has introduced legislation to require mandatory education of their boaters. Now, that was just introduced, and they do not expect that to come out of Florida for at least another year.

We have quite frankly, Mr. Chairman, mixed opinion on the question of operator licensing. If you take a look at the boating accident statistics, you will find out that the large majority are just due to carelessness, total carelessness. And many people are not convinced that in a 20-minute open book exam that you can legislate a fix to carelessness. On the other hand, maybe we ought to have everybody go into an

auxiliary or power squadron course. But those, of course, are 10 weeks long, 3 hours a session. It is not a black and white issue.

Senator LAUTENBERG. I understand. But maybe if there were a licensing requirement then some little self-education or some course education could be made to be viewed as more important.

Mr. SCIULLA. Absolutely. Just one second. The Boat/U.S. foundation has set up an 800 toll free number that anyone around the country can call. And we have over 8,000 auxiliary and power squadron courses on that computer. So, all you have to do is dial 800-336-BOAT. You will get the course, and we—

Senator LAUTENBERG. There I am out on the high seas. The winds are blowing 30 knots. The waves are 6 to 8 feet. Shall I then call up because I have got six people on my boat and don't know what the hell I am doing out there? Shall I call up the 800 number and say, what do I do now, coach? We are out of sight of land. There is lightening all around us. Besides hollering for the Coast Guard, I think we ought to do it before we have to use that 800 number.

We thank you both for your testimony.

Mr. SCIULLA. Thank you, Mr. Chairman.

[The statement follows:]

## STATEMENT OF GEORGE W. STEWART, JR.

Mr. Chairman and Members of the Subcommittee:

I am George Stewart, Chairman, Legislative Committee, National Association of State Boating Law Administrators. Our Association is pleased to provide input into your hearing regarding the Coast Guard appropriation.

Mr. Chairman, Public Law 98-369 requires that all of the taxes paid by boaters and sportfishermen be returned to the States for their boating safety and aquatic resources programs. This law has been recognized throughout the boating and fishing community as a milestone legislation in directing support to this user group. This is indeed in keeping with the user fee concept, thus not costing the general taxpayer one cent. Our Association is deeply appreciative of the past efforts of this Subcommittee, which has resulted in full appropriation for the past two years. We are here today to reiterate our appreciation and ask for your continued support.

The precarious situation we find ourselves in, is the Coast Guard on one hand praising the States for their efforts in reducing boating accidents, thus saving lives, and on the other hand wanting to reduce our Federal funds.

The Coast Guard recognizes the major contribution by the States to the overall reduction in the fatality rate by more than 70 percent of what it was prior to the passage of the Federal Boat Act of 1971.

Sometime back, they concluded that the appropriation of Federal assistance to the States resulted in a willingness on the States part to assume a major share of what is logically and

statutorily a joint responsibility. The continuation of the program, they said, would give the States the credibility, consistency, and resources to reach the local boating public. They indicated that the financial base provided by the Federal government allows the States to concentrate on establishing an administrative infrastructure, purchase equipment and promote the education and enforcement techniques to stimulate increased boating awareness, and thereby decrease fatalities. The Coast Guard, in this statement, felt that in the long run, the joint effort should result in savings to the Federal government rather than inordinate additional costs which would emanate from State curtailment, inaction, or indifference.

To terminate our funds would have a deleterious effect upon the overall national boating safety program, the Coast Guard said.

In the Coast Guard roles and mission report, they say the States should assume the primary role in boating safety law enforcement while Federal involvement should be only to insure functions meet minimum uniform requirements.

We appreciate the kind words of the Coast Guard and do indeed feel that we are meeting the high expectations of the Congress in our State use of the funds.

The Federal funds so far, have allowed us to do many things that contribute to safety on-the-water, such as:

- Increased boating safety patrols;
- Better boating accident investigations have pointed up causes which are targeted for increased education and enforcement;
- Increased training of enforcement officers;
- Better communications and enforcement equipment;
- Now reaching more boaters with free education classes;



-Working towards better statistical data on effects of alcohol and boating, i.e. in California, a two-year study showed that in 59% of fatal motorboat accidents

where testing could be conducted, alcohol was a contributing factor to the cause of an accident;

-The erection of Kiosks to provide boaters information on coastal bar crossings, navigation, equipment requirements, rules of the road and related information including charts;

-Erection of wind warning strobe lights across heavily used bodies of water to warn boaters of impending high winds;

-Courtesy boat safety inspections;

-Conducting boating surveys, which provide critical data for assessing boat use, conflict areas and safety courses;

-Handing out free literature on boat noise, sailboarding safety, make way in dealing with large ships, hypothermia, thrill craft, use of life jackets (PFD's) and dealing with alcohol use;

-Waterproof exhibits at boat launching ramps with boater safety information;

-Marking of hazards to recreational vessels;

-Development of school video systems;

-Conducting boater surveys;

-Many States are now handling regatta permits instead of them being sent to the U.S. Coast Guard;

-States are picking up slack after Coast Guard removed BOSDET teams from joint jurisdictional waters;

-Developed and placed in use Boating Safety Home-Study Course;

-Developed and placed at marine dealers a boating information display;

-Developing coloring books for elementary schools;

-Stepped up TV and radio public service announcements;

-Implementation of boating while intoxicated, purchase of portable testers, training classes and public awareness announcements;

-Computerizing boat accident information and arrests, which provides capabilities of responding to public, legislative and other inquiries, regarding boating accident and water fatality statistics.

In the second session of the 99th Congress, our Association supported legislation to raise the boating safety authorization CAP from \$45 million to \$60 million. This legislation was passed

for FY 1987 only. Our Association recommends that there be a permanent reallocation of funds transferred to the boat safety account of \$60 million. It is further recommended that this \$60 million be authorized and appropriated \$30 million each to the States and the Coast Guard.

The Treasury Department reported in June 1986 to the Coast Guard and Navigation Subcommittee that the Department's study on excise taxes attributable to fuel used in recreational motorboats equals 1.08 percent of total gasoline excise tax revenues. Their prior estimate was using a fixed allocation percentage of .75 percent. This change saw an additional \$31 million going to the Aquatic Resources Trust Fund. So what we are saying here today is, use \$15 million of these additional funds for the U.S. Coast Guard and let the remainder roll over to the fishery fund. Since this is a user fee, these funds would be distributed back to the States, the Coast Guard and the State fisheries program in an equitable manner. The winner would obviously be our marine community who take to our waters for recreational boating and fishing.

#### AIR TRANSPORT ASSOCIATION

##### STATEMENT OF WILLIAM HOOVER, EXECUTIVE VICE PRESIDENT, OPERATIONS AND SAFETY

Senator LAUTENBERG. We now invite the last panel, those who would testify on aviation. It includes Mr. Hoover, Mr. Sheehan, Mr. Stimpson, Ms. Matthews. You were all here yesterday, and I apologize to you for not having given you the chance when you were scheduled to come in to do what you wanted to.

We will try to be a little bit generous because you are late today, we missed you yesterday. We consider your subject very important. I think you are the last panel. So, we will ask you, of course, not to take advantage of those kind words. There is still a mean heart beneath this pleasant exterior. So, we would ask you to go ahead in order.

Mr. Hoover, do you want to start?

Mr. HOOVER. Yes, thank you, sir. Air Transport Association is pleased to be able to present its views to you today. We have submitted our full testimony for the record. And in the interest of time, I will try to summarize my summary in rather outline form so it will be rather crisp.

Our fundamental concern remains assuring safety for the airlines, but to meet growing needs of the traveling and shipping public, the capacity of the airport and airway system must be increased. ATA and its member airlines continue to support the principal National Airspace System Plan objectives, but our concern that progress is not fast enough because of a myriad of problems, including some funding constraints.

We believe that the FAA's budget requests for facilities and equipment and research and development and engineering is understated. Over the last 2 years, FAA has had to adjust to OMB pass-backs on the order of \$1.7 billion in adjustments. And we have identified in our full testimony the programs which we believe have been impacted in one way or another. And we believe that many, if not most, of those programs should be restored to full funding.

We believe, therefore, that the facilities and equipment budget for the FAA should be approximately \$1.6 billion and that the research and engineering and development funding should be approximately \$225 million.

We note that conspicuously absent from the FAA's budget request is funding for additional instrument landing systems. And we applaud this committee, Mr. Chairman, for their understanding of the critical nature of these systems and for having approved in the fiscal year 1987 supplemental an additional 16 instrument landing systems.

Also, to further reduce delays and enhance capacity during periods of reduced visibility, we have attached a list to our full testimony of 21 runway visual range units, which we believe will further help situations during reduced visibility.

All the NAS Plan modernization projects are important, but the one that pulls many diverse elements into a coherent form is the advanced automation system. In order to accommodate recent General Accounting Office recommendations for more operational testing, FAA has extended the implementation schedule. To stay within the limitations of this approach, each of the competing contractors will have to reduce their teams, some 600 each for each contractor, by one-half. This means that the ultimate winner will have to rebuild its team with corresponding loss of continuity and efficiency. Inevitably program stretch-out will increase costs.

We recommend that \$85 million additional facilities and equipment funds be appropriated for continuation of the design competition phase of the advanced automation system at current team staffing levels of the competing contractors. These funds should be used to advance the key terminal area automation program's software development in early calendar 1991 to 1998. This acceleration is essential because the capability to effectively sustain the existing terminal area computer is questionable.

With regard to the airport improvement program, there is a funding level of \$1.5 billion, and we think that the increased resources should be targeted to enhance capacity and mitigate noise.

Turning to the air operations and maintenance area, we believe that the air traffic control work force should be increased to at least 15,500, which would require an additional \$27.5 million.

We also support 330 additional traffic management coordinators for the 20 en route centers and 30 of the major control towers. This would require an \$18.1 million addition, and a \$5.5 million addition to expand the en route traffic radar training facility.

The maintenance work force we believe should be increased by an additional 500 positions at a cost of \$27.5 million.

In summary, Mr. Chairman, there needs to be an immediate and determined national effort to get the airspace modernization implemented and to improve the operations and maintenance of the air traffic control system. The national air transportation system is stagnating. We realize how difficult it is to overcome deficits, differences of opinion, and lethargy. And while there are many reasons for program slips, contracting, procurement, the acquisition process, and management, there is also a need for a strong funding base which has suffered from shortfalls and appropriations in the past and inadequate requests by the administration. So, that concludes my statement.

Senator LAUTENBERG. Thank you very much.

Mr. Hoover, I do not know whether you were here or associates of yours who were here when Admiral Engen testified before this subcommittee on the questions about FAA funding for capital as well as operating funds. Were you here?

Mr. HOOVER. I was here the day before. One of my associates was here the day that he testified.

Senator LAUTENBERG. I see. We get into this constant debate about whether enough is being done and how safe is safe. It is not how safe is safe. It is how safe could it be. That is the question we want to ask.

And your recommendations are all very positive. We desperately need to upgrade the air traffic system. That includes equipment, it includes personnel. You make mention in your comments about the personnel situation, about the air traffic control work force.

Would you suggest that we reemploy the annuitants, those who are retired I think is what we are talking about or who could be retired? Is that correct?

Mr. HOOVER. Yes, sir.

Senator LAUTENBERG. We have got to reach into a work force that is out there in some way. You have heard it before, and everybody has heard it before. And I am not going to get tired of repeating it until I see that work force complement up to where it ought to be. If we are asking people who ought to be retired or who want to be retired, who are fatigued, who are stressed, who are aged for the job, then we sure ought to be able to look at some terminated controllers and say, if they can do the job, start them at the bottom all over again and get on with the task of staffing up as we need.

Thank you very much, Mr. Hoover.

[The statement follows:]

## STATEMENT OF WILLIAM W. HOOVER

National Airspace System (NAS) Improvement

- Our fundamental commitment remains one of assuring safety - but for the airlines to meet growing needs of the traveling and shipping public, the capacity of the airport and airway system must be increased.
- ATA and its member airlines continue to support the principal NAS Plan objective but are concerned that progress is not fast enough because of a myriad of problems including some funding constraints.

Airways Improvement

- Facilities and Equipment (F&E) funding of \$1.615 billion each year is needed to maintain the schedule of critically important components of the airways modernization plan.
- Research, Engineering and Development (R, E&D) funding of \$225 million annually is required to support projects important to NAS Plan progress.
- The Advanced Automation System (AAS) program must be expedited.

Airport Development

- Airport Improvement Program (AIP) funding of \$1.5 billion annually should be provided to improve safety and enhance capacity.

Operations & Maintenance/Penalty

- There should be a cap on O&M expenditures permitted from the trust fund consistent with current law.
- The air traffic control workforce should be increased to at least 15,500.
- The maintenance workforce should be increased by 500 positions.
- The reemployed annuitant program should be continued.
- The Traffic Management Coordinator program has significantly improved operational efficiency and reduced delays at various air traffic control facilities and should be increased by 330 positions.
- Additional funds should also be provided to expand the capability of the radar training facility.

FAA Fiscal Year 1988 Appropriations

Mr. Chairman, and members of the Subcommittee, I am William W. Hoover, Executive Vice President - Operations and Safety of the Air Transport Association (ATA) which represents U.S. scheduled air carriers. ATA is pleased to appear before you today to address the Fiscal Year 1988 budget request for FAA and seek the Committee's support for actions that will assure the continued safety and efficiency of air transportation; enhance airport and airway capacity; and advance modernization of the air traffic control system.



The issues involved here are complex. We are at a turning point - a point when current decisions will have a significant influence on the nature of air transportation well into the next century. Our fundamental concern remains for assuring safety, but for the airlines to meet growing needs of the traveling and shipping public, the capacity of the airport and airway system must be increased. While we await the long term enhancements promised by the National Airspace System (NAS) Plan, we must identify reasonable and achievable opportunities for short term improvements. This Committee has consistently demonstrated its commitment to necessary actions that are responsive to both long term and short term gains.

The Senate budget resolution guidelines would freeze aviation spending at fiscal 1987 levels. Any such funding constraint portends real safety and capacity problems. We are nearing the threshold of obsolescence in many segments of the ATC system. Lack of automation and work load relief for controllers in the terminal area is a safety deficiency that must be met head-on. Continued slippage in the NAS Plan will have serious safety consequences as demand for air transportation continues to grow.

The challenges we all face, stated simply, are to provide public air transportation with an airport and airway system that is safe; a system that meets the public demands placed on it for capacity and efficiency and flexible enough to keep pace with a deregulated, competitive, dynamic air transportation industry. These challenges are formidable. But we do not lack for resources. We do not lack for technology. And we do not lack for desire. We are, however, in need of adequate funding to provide the national air transportation system this country needs.

During a period that now covers three decades there has been periodic reexamination of the problems and needs of our national air transportation system, and how they might best be addressed.

Since 1970, when the Aviation Trust Fund was established, we have focused on the same problems and the debate has revolved around the same concerns. There are intolerable air traffic delays, dissatisfaction about lagging investment in needed safety and capacity improvements and the inadequacy of the nation's airport and airway system to meet public air travel demands.

In recent years, there has been intense Congressional attention to airport/airway problems as air travel frustrations have mounted because the aviation system is still plagued by the same problems that have existed for years.

In the early 1980s, the NAS Plan was developed to alleviate these deficiencies. ATA and other user groups agreed to higher user charges to fund the NAS Plan and needed airport improvements. Since then, ATA has consistently urged the appropriation of the full authorization amounts for Trust Fund supported programs.

ATA and its member airlines continue to support the principal NAS Plan objective to improve the safety and efficiency of the nation's air transportation system. Unfortunately, in our view, the modernization program has not progressed fast enough because of a myriad of problems including some funding constraints.

Every program slippage has a consequence that we can ill-afford if the system is going to meet the demands of the American public.

The best example available today of problems in ATC system modernization is provided by FAA's Advanced Automation System (AAS) - a key element of the NAS Plan. AAS is a complex program, comprised of many discrete elements, intended to provide improvements in safety and capacity, and of particular importance, to terminal control functions. Without AAS, FAA will be unable to introduce automation enhancements essential to reduce risk of mid-air collisions similar to the recent tragic accidents near Cerritos, California, and Salt Lake City, Utah. Nor, will FAA be able to more expeditiously deliver severe weather warnings of hazards such as wind shear to pilots operating in terminal areas. Nor, will FAA be able to improve capacity significantly in terminal airspace and improve reliability of equipment essential to the controller's job.

The General Accounting Office (GAO) stated in recent Congressional testimony that completion of the AAS program has fallen about 8 years behind FAA's original NAS Plan schedule. FAA's current schedule shows less slippage - about 3 years. But the important point is that automation improvements needed, now for safety and efficiency will not be introduced in the ATC system until at least early 1993.

Facilities and Equipment and Research,  
Engineering and Development

The FAA appropriation for FY 1987 was \$805 million for F&E and \$142 million for R, E&D, - both significantly less than FAA projected requirements.

Overall, ATA believes that both the F&E and R, E&D areas of FAA's 1988 program needs are understated. Last year FAA forecast their FY 1988 funding requirement as \$215 million for R, E&D and \$1.615 billion for F&E. The Administration's budget request for FAA in FY 1988 is \$150 million for R, E&D and \$1.35 billion in F&E.

During development of last year's budget request for FAA they were required to adjust to an Office of Management and Budget passback that would produce a \$1.7 billion funding shortfall in Facilities and Equipment funds through 1992. There was apparently a corresponding shortfall of \$500 million in Research, Engineering and Development funds for the same time frame. Within the F&E account FAA projected an impact on the Advanced Automation System program, which represents 33 percent of the out-year F&E requirements, of \$200 million. In order to fiscally manage the remaining \$1.5 billion reduction in F&E, FAA also identified negative impacts over a five year period on the following programs:

|                                  |                |
|----------------------------------|----------------|
| Host Computers                   | \$ 46 million  |
| Airport Traffic Control Towers   | \$ 24 million  |
| Flight Service Automation System | \$ 26 million  |
| Weather Communication Processor  | \$ 7 million   |
| VORTAC Navigation                | \$ 65 million  |
| MLS                              | \$ 307 million |
| Mode S                           | \$ 167 million |
| Terminal Radar                   | \$ 53 million  |
| Enroute Radar (ARSR-4)           | \$ 103 million |
| LORAN C                          | \$ 8 million   |
| Remote Control Equipment         | \$ 45 million  |
| Remote Maintenance Monitoring    | \$ 20 million  |
| Aircraft                         | \$ 9 million   |
| System Engineering Integration   | \$ 86 million  |
| General Support                  | \$ 86 million  |
| Terminal Doppler Weather Radar   | \$ 435 million |

TOTAL \$1.487 billion

We believe the original funding levels for the majority of these programs must be restored to assure the needed subsystems of the modernization program are implemented on time.

The programs in the FY 1987 R, E&D request to support safety needs, the NAS Plan, and to develop follow-on system improvement through the year 2010 were:

Security and Safety Improvements  
 Airport and Airspace Capacity Improvements  
 Weather System Improvements  
 Utilization of Satellite Technology  
 Higher Levels of Automation

These programs required R, E&D funding levels of approximately \$200 million per year through 1992. The OMB passback was \$127 million per year.

In order to accommodate Administration budgetary objectives for FY 1988, FAA adopted R, E&D funding adjustments to move from a \$207 million DOT submission to OMB to the \$150 million level in the Administration's budget request. This was accomplished by transferring some of the projects to the F&E account, by deleting some projects, by reducing some of the requests, and by stretching out some of the projects.

Some of the more important projects affected by these adjustments, which we believe should be restored, include:

Deleted Projects

(In Thousands)

|                                            |                        |
|--------------------------------------------|------------------------|
| Centralized Weather Information Processing | \$ 400                 |
| Low Level Wind Shear Advisory Enhancements | \$ 600                 |
| Advanced Weather Devices and Sensors       | \$ 1,250               |
| Weather Research                           | \$ 600                 |
| <b>TOTAL</b>                               | <b>\$ 2.85 million</b> |

Projects Reduced or Stretched Out

|                                              |                         |
|----------------------------------------------|-------------------------|
| Terminal/Tower Control                       | \$ 1,600                |
| Airport Capacity Enhancement Demonstrations  | \$ 6,900                |
| Airport Capacity Data Collection Efforts     | \$ 600                  |
| Airport/Airspace Planning                    | \$ 700                  |
| Wake Vortex Detection and Separation         | \$ 600                  |
| Airport Design Improvements                  | \$ 800                  |
| Data Link                                    | \$ 200                  |
| National Airspace System Development Studies | \$ 850                  |
| Advanced Concepts Studies                    | \$ 500                  |
| Separation Standards                         | \$ 275                  |
| User Preferred Trajectories                  | \$ 490                  |
| Advanced Traffic Management Systems          | \$ 400                  |
| Dynamic Special Use Airspace Management      | \$ 100                  |
| Oceanic Traffic Management                   | \$ 450                  |
| Terminal ATC Automation                      | \$ 1,850                |
| Automatic Dependent Surveillance             | \$ 2,000                |
| Flight Crew Human Factors                    | \$ 2,275                |
| Airport Safety Planning                      | \$ 200                  |
| Airport Surface Visual Control               | \$ 250                  |
| Airport Safety Support System                | \$ 100                  |
| All Weather Taxiway Guidance                 | \$ 350                  |
| Aircraft Takeoff/Landing Advisory Systems    | \$ 350                  |
| Controller Human Factors                     | \$ 1,700                |
| Satellite Technology                         | \$ 2,700                |
| <b>TOTAL</b>                                 | <b>\$ 26.24 million</b> |

The ATA member carriers believe the following R, E&D projects should be accelerated by funding at higher levels for FY 1988 than proposed in the Administration's budget request (the amounts listed are recommended funding increments):

(In Thousands)

|                                                                             |                 |
|-----------------------------------------------------------------------------|-----------------|
| Airborne Wind Shear Detection                                               | \$ 5,000        |
| Curved and Segmented Approaches<br>(Civil Wide-Body Aircraft Demonstration) | \$ 3,500        |
| Automated Enroute Air Traffic Control (AERA)                                | \$10,000        |
| III                                                                         |                 |
| TCAS Horizontal Maneuvers Limited<br>Installation Program                   | \$10,000        |
| Data Link                                                                   | \$ 1,300        |
| Airport Capacity                                                            | \$ 6,000        |
| TOTAL                                                                       | \$ 35.8 million |

The FAA program funding levels for F&E and R, E&D reflected in the Administration's proposed budget for FY 1988 are inconsistent with previously stated funding requirements. In order for FAA to adhere to the schedule established in the 1986 NAS Plan, the FY 1988 F&E funding levels should be \$1.615 billion. The R, E&D funding levels for FY 1988 should be approximately \$225 million.

Another extremely important area of R, E&D concern is the critical work on explosives detection conducted in the FAA Aviation Security Program. Prominent among the developing concepts are thermal neutron activation for use on cargo and luggage to detect nitrogen, a common element of explosives, and vapor analysis for screening passengers as well as luggage. FAA is to be commended for pushing these programs. It is essential that \$16.5 million be appropriated to accelerate delivery of this equipment for operational field test and evaluation.

There are, of course, a myriad of projects and equipment embraced by the NAS Plan. FAA is in the process of improving their long range surveillance radar systems, next generation weather radars and terminal Doppler weather radar systems to detect severe weather phenomena such as wind shear and microbursts in both terminal and enroute environments.

Some of the other important programs started in years prior to FY 1987 which require continued funding to assure they have reasonable assurance of remaining on schedule are replacement and modernization of control towers and terminal radar control facilities; improved airport radar surveillance systems (ASR-9); a central weather processing system to collect and disseminate important weather information to controllers and automated weather observation systems.

Since FAA was unable to obtain fully authorized F&E funding in FY 1987, it is particularly important that the agency receive approximately \$300 million in addition to its budget request for FY 1988.

The difference between the FY 1988 F&E budget request and the FAA forecasted requirement was accommodated by replanning the Advanced Automation System and reducing the number of MLS systems. Conspicuously absent from this request is funding for additional Instrument Landing Systems (ILS) at key hub airports. We applaud this Committee, Mr. Chairman, for their understanding of the critical nature of these precision landing aids by approving the purchase of 16 additional Instrument Landing Systems at 14 busy airports in conjunction with action on the FY 1987 supplemental. Also, in order to reduce delays

and enhance capacity during periods of reduced visibility, lower arrival and departure minima can be achieved by upgrading Runway Visual Range (RVR) equipment. We have identified and attached a list of 13 priority locations for 21 RVR units at a cost of \$3.15 million. FAA, with concurrence of the airport sponsor, should be directed to procure and install this equipment as soon as possible.

Congress has consistently supported and provided needed funding for important safety projects, most recently demonstrated by inclusion of provisions in the 1987 Omnibus Continuing Resolution directing FAA to initiate rulemaking requiring automatic altitude reporting equipment on additional general aviation aircraft. Further, FAA was directed to modify the Traffic Alert Collision Avoidance System (TCAS) development program so that the TCAS III can be developed in parallel with operational validation of TCAS II. We commend you and other members of Congress for your leadership in addressing these important safety needs.

It is important to note, the FAA and the user community cannot reap the full benefit of these initiatives unless the improved Air Traffic Control (ATC) data processing and display system (Host and accompanying Advanced Automation System) are in place. The Host computer systems are currently scheduled to be operational at all 20 air route traffic control centers by the Spring of 1988. But, as noted earlier, the first scheduled implementation of the Advanced Automation System which provides controllers with new display consoles will not occur before February 1993 -- FAA's current operational readiness date. All the NAS Plan modernization projects are important, but the one that pulls many diverse elements into a coherent form is the Advanced Automation System. I want to concentrate further on this system.

The most recent impact on the FAA schedule to implement AAS is the need to accommodate the General Accounting Office (GAO) recommendation to conduct additional operational testing before awarding the production contract. GAO would like FAA to continue the design competition phase of the Advanced Automation System with the two contractors for an additional 12 months in order to reduce program risk. FAA believes the added testing recommended by GAO with the two contractors will take 30 months -- not 12. Neither contractor believes that extending the design competition phase is necessary.

Last year, the GAO wanted FAA to delay award of the Host computer replacement production contract by an additional year in favor of further testing by both contractors in competition for the contract. This would have increased the cost of the Host design competition phase by an additional \$20 million. Instead of the \$80 million and additional 2 years effort it cost the modernization program, the design competition phase would have cost \$100 million and 3 years for a production contract just under \$200 million dollars, to say nothing of the cost of delay in safety and efficiency enhancements anticipated by the aviation community from the modernization program.

Fortunately, FAA was allowed to award the production contract for the Host computer rather than delay the program. The contractor is delivering systems at the rate of 2 a month and there are no serious problems anticipated in meeting the operational readiness dates. By the end of this month, FAA will have accepted 4 of the Host computer systems and 2 additional systems will be underway. Systems have been accepted at Seattle, Houston, Denver, and Boston Centers. Systems have been delivered to the Washington and Chicago Centers. The Seattle system just recently completed initial operating capability.



In response to GAO criticism, FAA recently revised its acquisition strategy for the AAS that selects a production contractor earlier than GAO would like. In order to accommodate the recommendation for more operational testing, FAA has extended the implementation schedule. To stay within the resource limitations of this approach, each of the competing contractors will have to reduce their teams - some 600 for each contractor - by half. This means that the ultimate winner will have to rebuild its team with corresponding loss of continuity and efficiency. Inevitably program stretchout will increase costs. We recommend that \$85 million additional F&E funds be appropriated for the continuation of the design competition phase of the AAS at current team staffing level of the competing contractors. These funds would advance the key terminal area automation program software development from early CY 1991 to early CY 1988. This acceleration is essential because the capability to effectively sustain the existing terminal area computers is questionable.

The data upon which GAO made its analysis of AAS is now two years old. Concerns about the hardware technology have been largely eliminated. The issue today involves primarily the software development. Extending two contractors, both capable of doing the job, to promote competition will not materially reduce the risk of developing production software. Production software will not be developed until one contractor is selected and the countless human and machine interfaces can be dealt with in practice rather than within the artificial constraints which must be preserved during the contractor selection phase.

The current design competition phase reduces production risks to an acceptable level. The costs of retaining two contractors could easily be more than a hard decision of choosing a production contractor now, even if the contractor then has some additional development costs. The nature of software programs almost always require additional development effort once real world problems are encountered.

We urge you to do everything possible to advance work on this vital component of the air traffic control system.

Mr. Chairman, the NAS Plan has lost considerable momentum and has fallen behind schedule as was predicted if FAA didn't get the authorized funds to carry out the program. As mentioned earlier, the recent Senate budget resolution action includes assumptions for aviation spending that are grossly inadequate. We will need the help of this Committee to get the FY 1988 funding FAA needs. It is becoming more and more difficult to realize contemplated NAS Plan benefits when FAA is unsuccessful in obtaining the funds to complete the program. Your continuing support for efforts to expedite safety and capacity improvements coincident with modernization of the ATC system is vital.

#### Airport Improvement Program

The principal thrust of this testimony has been aimed at urgently needed improvements to the air traffic control system. The needs of the nation's airport system are equally important. Recognizing the vital importance of the airports, the ATA in 1983 and 1986 conducted detailed analysis of the airfield and facilities and equipment needs of the 39 large and medium hub airports that account for well over 85 percent of the enplaned passengers. These studies of the "pacing" airports clearly demonstrated that additional taxiways, angled runway exits, expanded ramps, short runways for commuter aircraft and other such efforts - all eligible for funds under

the Airport Improvement Program - could do much to enhance capacity and lessen delays.

As to funding these needs, FAA has requested \$1.017 billion for the airport improvement program. The ATA urges a \$1.5 billion AIP funding level. We believe that program funding must be restructured to make more resources available for projects which will enhance meaningfully system capacity and mitigate noise. We also feel that recognition must be given all cargo operations and their significant impact on airports.

FAA estimates that through 1993 \$6 billion will be required for capacity projects alone and it is important to bear in mind that AIP funds currently provide one of every three dollars spent on airport capital projects.

#### Operations and Maintenance

The Administration proposes to divert a huge portion of Trust Fund revenues to FAA Operations and Maintenance (O&M) costs. This issue is continually debated and ATA opposes major increases in the Trust Fund contribution for O&M while a backlog of capital projects and safety/capacity programs remain unfunded. The Administration also proposes elimination of the so-called penalty provision that provides for a reduction in O&M expenditures from the Trust Fund when F&E and AIP are not fully funded. We support a continuation of the penalty concept.

The FAA Operations request of \$3.248 billion includes an increased controller workforce of 15,225 and the associated increase in funds needed to train new controllers. We are gratified the Committee has included funds in the FY 1987 supplemental to achieve a staffing level of 15,225 in the current fiscal year. Consistent with your views about the controller workforce, we think a minimum level of 15,500 is warranted and requires an increase of 275 positions and funding of \$27.5 million. We also support 240 additional Traffic Management Coordinators (TMC) at the 20 air route traffic control centers and 90 TMCs at 30 of the major air traffic requiring an additional \$18.1 million annually. The efficiency and productivity demonstrated by the wider use of traffic management coordinators in the past year has been outstanding. TMCs in both en route centers and major towers have improved operational efficiency for departure, arrival, and en route operations. Experience has shown that TMCs can manage air traffic flows on a dynamic system-wide basis, but there must be sufficient staffing for the TMC role to function effectively.

FAA has used reemployed annuitants very effectively in helping them through the controller staffing shortage. It is essential that the reemployed annuitant program be continued. ATA recommends \$10 million be appropriated for FY 1988 for this program.

ATA recommends that \$5.5 million additional Operations and Maintenance funds be appropriated for the expansion and use of the en route Radar Training Facility (RTF) in Oklahoma City. The RTF is designed to accelerate and improve the skill level of developmental controllers before they begin on-the-job training.

Also, the ATA recommends that FAA increase its maintenance technician workforce in order to assure an effective and efficient maintenance program for the ATC and air navigation systems. About 2,500 maintenance technicians will be eligible to retire within the next 5 years, and over 400 are projected to retire in FY 1988. To assure an effective and efficient maintenance program for the ATC and air navigation system, we

Recommend that the maintenance workforce be increased by 500 positions, requiring \$27 million annually.

Mr. Chairman, there needs to be an immediate and determined national effort to get airspace modernization implemented and to improve the operation and maintenance of the air traffic control system. The national air transportation system is stagnating. We realize how difficult it is to overcome deficits, differences of opinion and lethargy, but overcome we must. While there are many reasons for program slips, contracting, the procurement and acquisition process, and management, there is also a need for a strong funding base which has suffered from shortfalls in appropriations in the past and inadequate requests by the Administration.

That concludes my prepared statement. I will be pleased to respond to any questions you might have.

ATA Priority List of Runway Visual Range (RVR) Locations

| <u>Airport</u>       | <u>Runway</u> | <u>Type</u> |
|----------------------|---------------|-------------|
| Chicago-O'Hare       | 4R            | TD & RO     |
| Denver               | 8R            | TD          |
| Detroit              | 3C            | TD & RO     |
| Pittsburgh           | 10R           | TD & MP     |
| Philadelphia         | 9L            | TD & MP     |
| Charlotte            | 36R           | TD & RO     |
| Minneapolis/St. Paul | 29R           | TD          |
| Salt Lake City       | 34R           | TD          |
| Washington-Dulles    | 1L            | TD & MP     |
| Cincinnati/Covington | 9R            | TD & RO     |
| Baltimore/Washington | 33L           | TD & MP     |
| Raleigh/Durham       | 23L           | TD          |
| Chicago-Midway       | 31L           | TD          |

Runway: R: Right      C: Center      L: Left

Type: MP: Midpoint      TD: Touchdown      RO: Rollout

## AIRCRAFT OWNERS AND PILOTS ASSOCIATION

## STATEMENT OF JOHN J. SHEEHAN, SENIOR VICE PRESIDENT, GOVERNMENT AND TECHNICAL AFFAIRS

Senator LAUTENBERG. Now we will ask Mr. Sheehan to testify.

Mr. SHEEHAN. Thank you very much, Mr. Chairman. On behalf of our 260,000 members of the Aircraft Owners and Pilots Association, we appreciate this opportunity.

The FAA has come under increasing scrutiny over the last couple of years concerning the capacity of the system and the inherent safety built into the system. A lot of this accrues to things that we have already talked about here, and that is how is the National Airspace System Plan being used and being implemented to effect these two factors. We have seen delays up to 8 years involved in the National Airspace System Plan, and not a lot of these are money related. A lot of these are management related.

I have to praise this subcommittee over the years for making appropriate decisions concerning funding. But I would suggest that the FAA has to be brought to task concerning their management decisions and how they manage this procurement process. I think that is part of our big problem. And your oversight would be a big assistance in this.

The Advanced Automation System has already been talked about. We consider this the centerpiece of the National Airspace System Plan. This is where the big payoff is. Unfortunately, the big payoff is receding further and further away from us, and because of this, I wonder out loud if the cost benefit of the Advanced Automation System and the technology originally envisioned for the Advanced Automation System are going to give us what we want when we get the initial operational capabilities sometime in the mid-1990's. We are not sure of that. We share the same concerns of the GAO concerning the development and procurement process. But even more than that, these issues of has the technology we started out with been overcome.

With regard to the Microwave Landing System, increasing user doubts are now emerging concerning the ability of this system to give us what we want. We are already 2 years behind schedule, and we wonder if we are going to get sufficient benefit out of this system. There has been an artificial constraint on installation of any precision approach system for 3 years now waiting for the much vaunted MLS system. We think it is time to fund a significantly greater number of ILS systems, and we are glad to see in the reauthorization that this is being accounted for.

I guess our biggest complaint about the National Airspace System Plan is the Automated Flight Service Station System. This is the system that briefs pilots, gives them weather, conducts search and rescue and does all the administrative tasks of operating the air transportation system. The automated system is littered by broken promises and inability to get automated systems into the field. We are now 7 years behind schedule on this system. We are into a system now where we have an

imbalance. We have not been able to automate, but for some reason we have been letting the people go that were supposed to have been let go only after we automate. So, we are down about 400 people in the Flight Service Station System. We have 70 of some 260 stations that are now emergency part-time because we cannot get the people for it.

On top of this, a mistake was made early on where we cannot fully automate the remaining number of stations that we need to. The FAA desperately needs to get additional funding to accommodate this.

I will just briefly mention the fact that we must continue to press for improved weather detection and dissemination systems. A sad statistic for at least general aviation is that 40 percent of all the fatal accidents are weather related. We need these new systems and we need them now.

Finally, I would like to say that the trust fund is a much talked about problem. We need to be able to get those moneys out of the trust fund to fund some of these important programs especially to increase that amount of money that is in the airport improvement program.

That summarizes my comments. I would be glad to answer any questions.

Senator LAUTENBERG. Thank you, Mr. Sheehan.

I do not know whether you are aware of my interest in flying. I flew twice this week, and on two little Arrowstars, a Beech Baron, and a Cessna 340 last week also. I do a lot of flying, and I know how overtaxed the in-flight services are and what it takes to get flight plans filed, get released, et cetera, et cetera. The system is overworked.

By the way tell the Aircraft Owners and Pilots Association about my active interest giving them access to the airways and make sure that they understand that this Senator appreciates the role that general aviation, as well as commercial aviation, plays in the development of our society, our economy.

Mr. SHEEHAN. I would be glad to do that. Thank you, sir.

[The statement follows:]



## STATEMENT OF JOHN J. SHEEHAN

INTRODUCTION

Mr. Chairman, I am John J. Sheehan, senior vice president for government and technical affairs of the Aircraft Owners and Pilots Association (AOPA). We have carefully reviewed the FY 1988 appropriations request for the Federal Aviation Administration. There are clearly changes to be made that will be beneficial for all concerned, but generally we feel that the increased funding levels which FAA has requested are justified.

We are very concerned about the impact of the \$800 million reduction contained in the Senate Budget Resolution on the FAA's activities in FY 1988, particularly the cut in the FAA's operations request. This cut in operations funding hampers the FAA's ability to provide necessary aviation services and reduce system delays. In addition, the budget levels reduce the Facilities and Equipment account by \$540 million. This cut in resources may provide the FAA with an opportunity to reevaluate some of the elements of the National Airspace System Plan, but not actually to stop development of vital elements of the program.

AOPA is the largest aviation organization in the world. It has a membership of 260,000 pilots who fly general aviation aircraft and who own over 135,000 of the nation's aircraft. AOPA represents those pilots who fly for personal reasons as well as a major portion of those who fly for business in this country. Our members and their families also represent a very large organized group of passengers who travel on air carrier aircraft and purchase \$500 million worth of tickets annually. We are consumers seeking only safety, economy and utility.

Over the past year, the shortcomings and needs of the nation's air transportation system have come under increasing scrutiny from many areas. The Congress, media, general public and the aviation user community have become increasingly critical of the ability of the FAA to provide adequate aeronautical services in an era of increasing demand.

Most of the criticism has centered around system delays and safety issues. While some of the fault for these deficiencies falls to personnel and program management difficulties, much of the blame can be traced to FAA's inability to implement the National Airspace System Plan (NASP) in a timely manner. The FAA is woefully inexperienced in the development of ambitious

technological programs as represented by the \$16 billion NAS Plan. While FAA may be able to demonstrate adequate program management on single projects, such as the HOST computer, the interdependent nature of some program elements has seemingly produced a domino effect resulting in cascading delays that continue to mount each year. The aviation industry's relief from increasing delays, reduced service and reduced capacity is being pushed farther and farther into the future and may be a salvation that is promised but never delivered.

We support the FAA's full request of \$1.017 billion for the AIP program. System capacity and traffic delays are directly related to the number, configuration and type of airports available in major metropolitan areas. Improvements and additions to our system of airports must be made if we are to accommodate the rapidly growing air transportation system this country relies upon so heavily.

All of the critical NASP facets must be adequately funded and managed if we are to realize the potential of our air transportation system.

The large increase in the FY 88 request for the Facilities and Equipment (F&E) account is largely justified by the potential capacity and safety gains from the NASP. Some programs may not be sufficiently mature to warrant funding for this cycle, however. Other areas such as Airport Improvement Program and Research, Engineering and Development monies are insufficient to meet system goals and will be discussed later.

The Administration's continuing attempt to recover 75 percent of the FAA Operations and Maintenance (O&M) from the Aviation Trust Fund account is totally unjustified. The current levels of funding for O&M from this account recognize that there is a significant national benefit derived from the air transportation system. Therefore, it is quite appropriate for general funds to continue to supply half of the FAA O&M funding. Attempts to recover increasing amounts from the Aviation Trust Fund subvert the original intent of that Fund.

#### NASP

Our members are the chief beneficiaries of system safety and capacity improvements. For every airliner that takes off, 50 general aviation departures occur. For every airport served by an airline, general aviation serves 24. Clearly, our interest in airspace and airway modernization is a continuing one.

AOPA has been the most severe critic of the National Airspace System Plan since its inception. We felt that the Plan was a loosely connected group of largely unrelated projects that would not lend themselves to the systems approach. We felt that many of the programs were overly ambitious due to the requirement for uninvented technology and the great complexity involved. Additionally, we felt that the Plan was so extensive that changing requirements and technology would overtake many of the programs involved.

As we have seen the Plan evolve, many of our fears have been realized. Major portions of the NASP have slipped by as much as eight years; total program costs have grown by 50 percent; and portions of the Plan have been abandoned or indefinitely deferred. While some elements have progressed as planned, these have largely used existing technology and have not required integration with other programs. The high-payoff items such as the Advanced Automation System (AAS), Automated Flight Service Stations (AFSS), and Next Generation Weather Radar (NEXRAD) have fallen far short of schedule and promised benefits.

We want to ensure that what we receive for our trust fund dollars is a system that will improve safety and our utility within it. To use the system NASP will create, each individual user will be forced to re-equip with a new transponder, precision approach receiver, upgraded altimeters, enroute navigation systems and in some cases, data link equipment. The fleet costs for this equipment will range from \$3-6 billion. Therefore, we want to be quite sure we are getting what we want and need.

•

#### System Capacity

After safety, the next greatest near-term payoff from the NASP will be ATC system and airport capacity increases. Demands on the system are increasing at a rate that may soon cause an aeronautical gridlock if new methods for accommodating this demand are not found. While the principal system factors causing delays are lack of adequate airports and inefficient air carrier scheduling practices, technology can yield significant incremental capacity gains.

The Advanced Automation System (AAS) is advertised to provide the greatest capacity gain within NASP, yet other, smaller programs can help us prior to AAS development. The better definition provided by Mode S ground equipment, improved long-range and terminal radars and upgraded radar computers will allow closer spacing of aircraft. Improved weather detection and dissemination systems will help decrease the existing 60 percent system delays attributed to weather. New flow management programs will provide for more dynamic means of handling peak traffic. All of these items taken together with improved airports will provide much-needed capacity increases. Unfortunately, many of these programs are three, five, even eight years behind schedule. As with weather systems, these items must be pursued aggressively to provide needed capacity increases.

### Advanced Automation System (AAS)

This system is the centerpiece of the NASP, the highest payoff item of the Plan. But, the final implementation has slipped from 1994 to 1999, and total cost has recently increased by 44 percent to \$4.6 billion. We are quite concerned that the Administration's unbending dedication to this significantly delayed and troubled program will deny users technological advantages that may be available in the near future. We are pleased that the Congress recognized many of these shortcomings and placed constraints on further FAA development and procurement initiatives as a part of the 1987 appropriations process.

We again urge you to place constraints on the program during the 1988 appropriations. A recent GAO report notes that delaying the award of the AAS contract from FY 88 to FY 89 would permit FAA to submit congressionally required reports and allow sufficient time to enhance system management as well as future cost/benefit. We urge the committee to recognize that FAA is behind and must "get its act together" before AAS can proceed any further.

In addition, the validity of the cost/benefit study which the FAA uses to justify the AAS is questionable. The FAA's phased implementation of AAS, benefits taken "up-front," and various assumptions in the cost/benefit analysis lead to the conclusion that many prospective benefits will not materialize.

In a related issue, the initial Host computer (which allows a transition to AAS) installation at the Seattle Center has taken place successfully and we are encouraged by the 1987 delivery timetable for all 20 centers. Host appears to be one component of the NAS Plan that FAA can be justifiably proud of.

AOPA strongly recommends that all aspects of AAS implementation be re-examined to ensure that technology has not overtaken it and that the system can be integrated with satellite systems. The Host will provide for adequate capacity while this critical evaluation is conducted.

### Microwave Landing System (MLS)

First introduced in the early 1970's, the MLS program is now caught between FAA commitment to continue implementation and increasing user doubts concerning the system in light of program setbacks and delays. The initial procurement of MLS ground stations is already two years late and falling further behind. In large part, advancing Instrument Landing System (ILS) technology has short-circuited many previously sold benefits of MLS.

Communities have been denied precision approach capability far longer than safety can afford due to the decision to suspend ILS installations in favor of MLS. However, we are reassured to an extent by an apparent willingness on the FAA's part to install a limited number of ILSs and to reconsider the total number of MLS units that are truly needed. This subcommittee's previous action to appropriate funds for additional ILS installations is much appreciated.

It is important to emphasize that FAA has not yet completed development in the MLS program which will permit use of MLS for category II or III approaches required by air carriers, nor provided assurance of the system capacity increases alleged to accompany the MLS implementation. In fact, Boeing stated in a letter to the FAA last month that its planned 1988 initial installations of MLS in customer aircraft would be delayed until the "mid 1990's" since all customers "have rejected the MLS options."

MLS is equally unpopular in the general aviation sector since retrofit of ILS airborne equipment with MLS receivers would cost an estimated 140,000 aircraft owners between \$10,000-15,000 each for a total cost of as much as \$2.1 billion.

AOPA recommends that by 1998, the FAA install MLS at airports to meet international agreements and where ILS already exists, to realize what

capacity enhancements are available. We also recommend an aggressive return to ILS installations. There are hundreds of communities which need a precision approach capability at their airports. Prompt installation of ILS at those airports is the only way that precision approach requirements can be fulfilled in a timely manner.

In contrast to MLS, the Congress and FAA investment in Loran-C instrument approaches has been productive and well received by the user community. We are now at the point in the program where FY 88 funds must be appropriated to develop and flight check specific approaches at airports. Unlike MLS, this will only cost \$10,000 for each new approach, and 270 are needed in the initial implementation. It is important to note that this \$2.7 million should be dedicated to airport capacity increases where there currently are no instrument approaches to provide aircraft access during poor weather conditions. Loran-C approaches at urban reliever airports will decrease demand at the larger air carrier airports and relieve capacity constraints.

There is a large amount of money to be gained by rapid implementation of Loran-C approaches. These approaches will virtually obviate the need for a separate Global Position Satellite System (GPS) approach in the future. In fact, all of the Loran procedures in the Air Traffic Control System will be identical to GPS. The FAA has the opportunity to prepare for GPS prior to its implementation. We hope the FAA will proceed quickly with Loran-C procedural implementation.

#### Automated Flight Service Stations (AFSS)

The automation of the FSS system is now seven years behind schedule and the transition to the AFSS system is littered with broken promises, inadequate performance, abandoned elements of the program, and personnel mismanagement. A program that started out with such lofty ambitions has turned out to be a monument to poor management and inefficiency.

Automation was to have been accomplished in two steps. The first step, Model 1, was to have given an initial operational capability to 37 AFSSs, and an enhanced version, Model 2, was to have been installed in the remaining 24 new locations prior to being retrofit into the original 37 automated locations. While Model 1 was developed with only a slight delay, Model 2 development soon lagged so far behind that work was stopped on it in 1984. The indecision and lack of direction that ensued convinced the Congress to withhold further funding for Model 2 development. While the benefits of Model 2 will be missed, a larger problem has resulted.

Without Model 2 equipment, the final 24 AFSSs cannot be automated since the equipment for those locations was a part of the Model 2 appropriation. As of today, 116 FSSs will be consolidated into 24 non-automated "AFSSs." Immediate action must be taken to provide full capacity Model 1 automation for those locations if service levels are to remain barely adequate. None of the 116 old stations must be allowed to close prior to the installation of automation equipment.

As AFSSs were brought on line, flight service specialists were to be slowly released, commensurate with forecast productivity gains. Although the consolidation of FSSs has been delayed by up to seven years, the drawdown of personnel has proceeded as scheduled. As a result, there are severe staffing shortfalls in every FAA region, resulting in some seventy of the existing 200 being placed on an "emergency" part-time basis. This has denied users critical flight information during hours of darkness and in inclement weather. A minimum of 360 additional specialists are required to bring staffing levels back to a minimally acceptable level. This program must be put back on track to provide much-needed safety-of-flight information to pilots. Completion of Model 1 automation, continued development of Model 1 Full Capacity enhancements, and adequate staffing are essential to the AFSS program.

The Congress should take three steps during its appropriations to ensure achieving the desired level of "equal or better service." For FY 1988, the Congress should mandate that equal or better means the equivalent of Model 1

Full Capacity automated station capability. This would prohibit the FAA from closing any existing FSS and consolidating it into an automated station unless the AFSS had a certified Model 1 Full Capacity system. Secondly, Congress should require FAA to install at each commissioned AFSS a Management Information System (MIS) to monitor incoming calls and the service given. FAA contractor Denro has recently developed such a system which would be available for approximately \$8,000 per AFSS. For the first time, MIS information is available that documents AOPA's long-standing insistence that incoming calls are being dropped and that service is either delayed or never given to the pilot user.

Lastly, Congress must reject the Administration's suggested cut of 185 Full-Time Permanent (FTP) and 93 Full-Time Equivalent (FTE) staff based on "automation efficiencies." As stated previously, automation is not occurring, equal or better service is not being given and staffing is already 360 FTP below necessary levels.

Even more important than the need for Model 1 Full Capacity specifications and funding is the implication that the Administration intends to end the flight service automation program after implementing a Model 1 Full Capacity program. It must be understood by everyone that an enhanced Model 1 level of automation will not meet the service levels defined in the original Model 2 program. Clearly, the Model 2 plan was established to meet future user needs and after the FSS program hemorrhaging is stopped with Model 1 Full Capacity deployment, the original Model 2 service levels will have to be funded under a new program that is compatible with the existing AFSS network.

#### Weather Systems

Next Generation Weather Radar (NEXRAD), Automatic Weather Observation System (AWOS), Central Weather Processor (CWP), and Terminal Doppler Weather Radar (TDWR) are all programs of critical importance to us. Weather remains the single greatest cause of fatal accidents in general aviation and accounts for over 60 percent of the ATC system delays.

Full availability of these systems is up to three years behind the 1983 forecast. New emphasis must be placed on these and related programs if we are to make any progress in reducing the number of fatal accidents due to weather. These initiatives hold the highest near-term safety payoff of any single group of programs in the NASP.

Most important to the enhancement of weather products and services is the FAA deployment of AWOS. These automated weather observation systems will provide both pilots and forecasters information essential to improving flight safety and airport capacity. FAA has dragged its feet deploying an AWOS system while haggling over what sensors should be used under what specifications. AWOS is an available technology. A certified system exists, and it should be immediately produced and installed.

#### System Engineering and Integration (SEI) Contractor

The Martin-Marietta Corporation is already three years into a ten-year, \$700 million contract designed to "provide management and technical support for the implementation of the NASP." We have not seen sufficient results from this effort to justify the expense involved.

The General Accounting Office (GAO) has testified before the Congress several times regarding its concern for FAA's ability to effectively implement the NASP. It is our understanding that this was to have been one of the principal functions of the contractor. Given the critical remarks by GAO, we cannot possibly be getting much for our money.

The original contract was touted as a partnership between the contractor and the FAA. It is our impression that a true partnership was never formed and that the contractor has been relegated to a subservient role with few management powers. While the FAA has recently acknowledged that their relationship with the contractor must be changed, we have seen no substantive



results of that revelation. We encourage the Congress to critically oversee the change in this relationship so we can get full value out of this important contract.

It is interesting to note a discrepancy between the authorizing proposal which included a \$200 million "NASP Contingency Fund" and the facilities and equipment ~~(F&E)~~ requests which do not include the \$200 million fund. We wonder what the authorizing request was actually for and if the funds are reflected anywhere in the current F&E line items?

#### Research, Engineering and Development (RE&D) Programs

The Administration's 1988 fiscal year budget calls for \$150 million for FAA RE&D. This includes funds for ongoing and proposed projects that are necessary to the future well-being of the NASP and for a limited number of future projects. This amount is simply not enough to fund immediate or future RE&D requirements for the required aviation system needs for this nation.

System capacity problems have reached the critical point for many of our major metropolitan areas. Only 9 percent of the RE&D budget is earmarked for capacity improvement and delay reduction. An essential part of this effort should be devoted to finding ways to make airports more efficient, yet \$12 million of airport capacity improvement items are not included in the budget request. Research requirements for converging and parallel instrument approaches, improved terminal sensors, and reduced longitudinal separation have been recognized for years as areas where real capacity gains may be realized; why have they not been included in the budget?

Many other areas of RE&D have not received sufficient attention or funding in the upcoming budget. These include:

- o Low-altitude communications and surveillance needs
- o Automated Traffic Management Systems
- o Airport surface traffic surveillance and conflict alert
- o Weather systems improvements
- o Airport surface safety projects
- o Advanced wind shear sensors
- o Flight safety

In all, we feel that the Administration has underfunded the RE&D budget by at least \$20 million and perhaps by as much as \$40 million. We urge you to task the Administration with providing a more aggressive and realistic FAA RE&D program for the future.

Additional funding should not be a problem since all RE&D programs are funded wholly from the Aviation Trust Fund (ATF), which certainly contains a handsome surplus. Since this fund is entirely user-funded, it should be used to their benefit by providing adequate RE&D.

#### Airport and Airway Trust Fund

The Trust Fund was last reauthorized in 1982 for five fiscal years. During this five-year period, ending in October 1987, the Trust Fund will have financed approximately \$4.8 billion of development of the nation's airports, \$4.8 billion of capital equipment for the air traffic control system, and \$1 billion of FAA Research and Development. In addition, by the end of Fiscal 1987, the Trust Fund will have underwritten approximately \$4.2 billion of the expense for operating and maintaining the air traffic control system.

Although the Trust Fund has made substantial contributions to the development of our aviation system, these contributions have fallen short of the

expectations we had in 1982. When the program was renewed in 1982, user taxes were increased substantially. We opposed these increases as they were not fully justified from the standpoint of system plan needs at the time. Again, this subcommittee has worked effectively to properly balance these expenditures when necessary.

While some funding shortfalls have occurred due to programs not being sufficiently ready for funding, the large Trust Fund surplus is unacceptable. There are many capital improvement programs that should have been planned and programmed by the Administration but were not. The largest funding shortfall has been for the Airport Improvement Program in support of our nation's airport system.

We must find a way to free Trust Fund monies for their intended purpose. In order for the Airport and Airway Improvement Act to fully meet the legitimate needs of the users and to fulfill total system requirements, changes must be made. AOPA's recommendations to revise the Airport and Airway Improvement Act include the following:

- o Retain the basic Trust Fund/appropriations act structure
- o Increase the Airport Improvement Program (AIP) portion of the Trust Fund outlay to fund the programs defined in the National Integrated Airport Systems Plan (NPIAS)
- o Designate additional reliever airports
- o Revise the AIP apportionment formula to recognize the needs of general aviation
- o Retain and strengthen O&M versus AIP penalty features
- o Fully spend the authorized Aviation Trust Fund levels or temporarily suspend user taxes
- o Explore new ways to increase the number of military/civilian joint-use airports
- o Re-establish the FAA as an independent agency, directly responsible to the public, the Congress, and the Executive Branch

#### Airport Improvement Program (AIP)

The National Integrated Airport Systems Plan documents a need for \$24 billion of AIP monies over a ten-year period. Eighty percent of this money would be used for maintenance, airport upgrade, capacity enhancement, and safety standards; only 20 percent would be earmarked for a very modest number of new airports within the United States. Every capacity study that has been done for the airport system predicts the need for significant numbers of new commercial service, reliever, and general aviation airports between now and the end of this century.

There must be an acknowledgment that due to increasing demand upon the system, additional airports or at least additional runways at existing airports must be built, or the desired expansion of airport capacity will prove an unattainable goal. The proposed \$1.017 billion in funding is far short of being realistic and does not seriously address the capacity increases the Congress and the Administration acknowledge as necessary but appear unwilling to fund. A minimum of \$2 billion per year is a realistic starting point for AIP monies. Moreover, a study to accurately predict these needs should be commissioned by the Congress to validate FAA estimates of the long-term needs in our national airport system.

FAA has made a serious mistake in allowing the airports staffing to lapse from reasonable levels. This mismanagement has resulted in a proposed further reduction at the airports district offices and at the Washington headquarters. The situation is aggravated by the retiring of veteran

personnel with vast job-related experience. For those replacements that are obtained, experience is lacking.

As a long overdue remedy to this problem, we urge that funding for two additional people in each airports district office be provided as a means to recover some of the past staffing loss. In addition, the proposed reduction of 38 in the headquarters staff must not be approved. These are the essential personnel who must ensure development of safe airports under increasing capacity constraints.

The airport capacity problem will not be solved by additional air traffic controllers and hardware alone. It will require more pavement, which will require adequate and realistic FAA Airports staffing to administer the funding and compliance programs.

While much emphasis is placed on new and improved airports, maintaining existing airports is of vital importance. Funding must be made available for routine repairs to runways and taxiways if we are to preserve what we already have.

Further, we must take steps to protect existing valuable airports by ensuring that valid contracts for surplus property agreements and AIP grant assurances are upheld by the Administration and the Congress. We cannot afford to lose any more of our public-use airports if capacity needs are to be met.

#### Summary

The NASP has not started well and is beset with many problems. The Plan must be put back on track if we are to realize the promise of this grand scheme. We are disturbed when we hear the FAA citing the "milestones" of contracts awarded, funds obligated and percent of the Plan in progress as if these were the true measures of success. While these indices may make good press, they only serve the system designed to track real progress; they do not constitute progress themselves.

We must be sensitive to the time constraints imposed on us by system demand and advancing technology. If these programs are delayed to the point where demand has outstripped the potential for the Plan to accommodate it, we have lost a great deal of potential effectiveness and are placed far behind the next generation of planning. Similarly, if we allow advancing technology to overtake that used by the Plan, we have wasted much of our efforts to date and will have to work doubly hard to catch up to the next Plan. There must be a new sense of urgency and dedication regarding the NASP if we are to realize its full potential.

The Administration's reluctance to adequately fund and support the Airport and Airway Trust Fund as well as essential RE&D programs puts a squeeze on the NASP from both sides. Without sufficient research, the technology will never be developed, and without sufficient airport and airway development, the NASP products will be deployed into a constrained environment hopelessly mired in systematic gridlock. We must overcome our existing technological and bureaucratic entanglements and establish a solid foundation to meet capacity demands of the future.

Recently, the House adopted a budget resolution effectively mandating a freeze in aviation spending levels for Fiscal Year 1988 at a time when the air transportation system's needs are at their greatest and there is a huge Aviation Trust Fund uncommitted surplus.

General aviation users have paid billions of dollars into the Aviation Trust Fund with the understanding that Congress will support capacity enhancements and modernization efforts with that money. Currently, the unobligated surplus in the Aviation Trust Fund stands at more than \$5 billion.

The users of the system are paying their fair share and are demanding that system improvements be funded and implemented promptly. Congress holds the

purse strings and will ultimately determine whether our air transportation system is forced to sit and wait at the gate or be improved as the nation requires. We urge you to join efforts that will assure the necessary funding to improve aviation system safety, capacity and efficiency.

We sincerely appreciate the past efforts of this subcommittee to allocate the expenditures from the FAA budget. We look forward to working with you during this critical budget cycle.

#### GENERAL AVIATION MANUFACTURERS ASSOCIATION

##### STATEMENT OF EDWARD W. STIMPSON, PRESIDENT

Senator LAUTENBERG. Now we will here from Mr. Stimpson. Was there originally a Stimpson airplane?

Mr. STIMPSON. Stinson, S-T-I-N.

Senator LAUTENBERG. Oh, that was the Stinson. That's right. OK.

Mr. STIMPSON. Thank you, Mr. Chairman.

Your colleagues this morning over in the Senate Commerce Committee just reported a very excellent bill to renew the trust fund for another 3 years. The levels in that bill I think are supported by us all here. They will go a long way to helping really increase the safety and capacity of our system. And we hope the Congress, of course, will pass this bill at a very early date so your appropriations can hopefully come close, it did not meet the levels in this legislation.

We too in general aviation are concerned about some of the things you just talked about. I went to Teterboro about 10 days ago. For the first time we were told we had a slot at Teterboro. We could not land before 11 in the morning. So, we had to circle around. And I am sort of intrigued by—

Senator LAUTENBERG. What was the weather like?

Mr. STIMPSON. It was a nice day.

Senator LAUTENBERG. Visual?

Mr. STIMPSON. Yes.

So, we do experience, those who travel on the airlines and many of the larger airports, delays like anybody else. And we were sort of intrigued as to how long this had been in effect up there.

But there are some things that we can do to help improve the system—my colleagues here—without sounding like the choir again, improved weather information, the IOS's and all of these things which you know so well.

There is one point which I would urge your committee to look at carefully and that is how FAA is proceeding with the ability to handle the altitude reporting and coding equipment, Mode-C. Many of us firmly believe that you need this equipment if you are going to fly in the high-density areas. If you have this equipment, it is not going to do you any good if the controllers on the ground do not get the benefit from the wealth of the bells and the whistles and the conflict intruder or alert programs which show that you are in conflict with another airplane.

Senator LAUTENBERG. But it does start off immediately at least as the visual reference.

Mr. STIMPSON. Yes, right.

Senator LAUTENBERG. And I know I feel better if there is a transponder in there.

Mr. STIMPSON. And I am not arguing against that. What I am saying—I think we need to keep the equipment on the ground up to what we can do in the air. And we need to update the host computer programs. Some of our new computers do not even have this in at this point in time to handle this, and the same thing with some of this in terminal areas.

Senator LAUTENBERG. You have no objection though to requiring a Mode-C transponder in densely populated—

Mr. STIMPSON. From our standpoint, no. Absolutely not. We think it is a step forward.

There is another area which I would also like to refer to, and that is the—and I might say, you might get some difference as to where you draw these lines, but I think all of us around the table are in high-density areas. Mr. Sheehan might differ with me on this, but I think even Mr. Sheehan would concur in the high-density things you should probably have the Mode-C transponders.

Senator LAUTENBERG. That is a very modest headshake. [Laughter.]

Mr. SHEEHAN. I would be glad to comment further.

Senator LAUTENBERG. We will give you a couple seconds.

Mr. STIMPSON. Certification, aircraft certification. The FAA budget cuts about 10 percent of the work force in this area, and as we are looking at new technology and new airplanes, I think we want to be very careful before you take a meat-ax approach and cut a lot of jobs out of aircraft certification.

Just one final thing on airway science. I know you will be looking at a program for colleges and universities. This has been a good program in a number of colleges and hope you will look at this closely and reinstate this program, which has also been cut out of the budget this year.

Thank you very much.

Senator LAUTENBERG. Thank you very much.

Mr. Sheehan, do you want to comment on my comment about transponders?

Mr. SHEEHAN. Well, I am going to surprise you, Senator. I think you articulated exactly what our policy statement is on Mode-C, that especially if, number one, the FAA can accommodate this increased level of information that they are getting on the ground. And once we do get the real payoff in this system, which is the TCAS installations in the airliners, we have said that we will encourage our members and accept regulations to have Mode-C installed for aircraft using the high-density terminals. We think it makes sense.

Senator LAUTENBERG. Thank you.

[The statement follows:]



## STATEMENT OF EDWARD W. STIMPSON

I am Edward W. Stimpson, President of the General Aviation Manufacturers Association (GAMA). GAMA represents U.S. manufacturers of general aviation airplanes, engines, avionics, and other aircraft components. GAMA companies have manufactured over 95 percent of the general aviation airplanes in the U.S. fleet today. We appreciate the opportunity to appear before your committee to share our views on aviation appropriations issues for FY 88.

For the first time in recent memory, the Administration's budget targets for FY 1988 Aviation Trust Fund expenditures have been substantially increased to meet the growing needs of our aviation system. We are very much encouraged by the Administration's implicit recognition that much needs to be done to increase the capacity and safety of our airport and airways system. We feel the proposed funding levels are highly justified.

Regrettably, the Senate Budget Committee would cut some \$800 million from the FAA budget request. Obviously this poses a serious problem for the Appropriations Committee: to reconcile the Administration's budget request numbers with Congressional budget figures, with FY 88 authorization levels -- yet to be enacted -- and the true needs of the system for safety and capacity improvements. Moreover, the possibility of an FAA hiring freeze, as FAA Administrator Engen mentioned last week, is totally unacceptable.

We would like to work with this committee to help find a way out of this morass. It is unconscionable for the Congressional budget process to allow user taxes to accrue a multi-billion dollar surplus while the programs for which the taxes are being collected are significantly under-funded. Yet, that is what we see happening.

We cannot believe that is what the authors of the Budget Act had in mind. Your committee is prevented from appropriating readily available, dedicated funds for their intended programs. Congressional attempts to bypass this administrative stumbling block by excluding trust fund expenditures from budget constraints have been frustrated by blind institutional respect for committee jurisdictional boundaries. Clearly this is one situation demanding an exception to the rules, but only the Congress can make that exception. We would like to help you achieve it, so you can do what needs to be done for our nation's airport/airway system with the available funds. You are in essence the custodians of these user funds but are not able to spend these dedicated funds. What kind of system is that?

Safety remains the number-one priority of our industry. We are encouraged by the continuing downward trend in general aviation accident rates. The NTSB reported record low rates for general aviation in 1985, only to have even better rates to report for 1986. Nonetheless, we remain determined -- not complacent -- to see this improvement continue. Even a single accident is one too many.

Despite the depression that has plagued the production of new aircraft for the past several years, we remain a major user of our nation's airspace. Our active fleet of 210,000 general aviation airplanes in the U.S. flew 34 million hours in 1986 compared to 8.5 million hours flown by the commercial air carriers. The major growth in general aviation flying is in business travel. The FAA's most recent survey of business jets shows a 4 percent increase in total hours flown. Moreover, general aviation activity at the 60 busiest general aviation airports increased 6 percent over FY-85 levels.

Business is becoming more and more dependent upon the flexibility and wide geographical access that general aviation provides. Add to this the dramatic increase in general aviation's role in parcel delivery and mail service, and the positive impact we have on cities and towns without major airport service, and it is apparent that general aviation plays an ever-increasing part in our nation's air commerce. We are vitally interested in the continued modernization and expansion of our air transportation system.

#### A Strong, Adequate Airport System

Air travelers who use our major airports are well-aware of the congestion and delays that plague our commercial air service. I suspect every member of this committee has experienced these problems. General aviation users experience many of these same

delays. Some corrective solutions are obvious: larger facilities, more runways, better terminal traffic control. Unfortunately, there are serious physical limitations for these improvements at many of our major airports.

#### General Aviation Airports

The projected demand for Airport Improvement Program (AIP) funds is substantial. The FAA has identified over \$24 billion in requirements over the next ten years, and has stated that \$8-9 billion is needed for safety improvements alone. The Administration's budget request of \$1.017 billion for AIP in 1988 is below the documented need. The budget request is the minimum that should be approved.

#### Facilities and Equipment

In 1982, the FAA's National Airspace System Plan (NASP) charted a ten year program to upgrade the facilities and equipment of the air traffic control system. At the close of 1986, despite numerous funding cutbacks and program delays, over 70 percent of NASP projects were under contract, and first deliveries had been made on over 40 percent of the NASP projects. While there are some technical problem areas, NASP implementation must remain a high priority.

We are at the point now where any funding cuts will have a definite adverse effect on the NASP schedule and the capacity improvements that the NASP will bring. We believe that the Administration's request for F&E funds in FY 1988 is again a minimum amount.

There is a shortage of precision approach systems at reliever and general aviation airports. We are grateful that the committee approved additional ILS's in the Supplemental Appropriations Bill. Precision approach aids are one of the best ways of increasing the margin of safety at an airport. We believe that all airports receiving scheduled commercial air service and all reliever airports must have precision approach systems. Since technical problems are delaying MLS installation, an interim purchase of ILS's should be undertaken.

We are also concerned over installation of the new Automated Flight Service Station equipment. The failure to proceed with full capacity Model 1 FSS's, while at the same time allowing the number of Flight Service Station specialists to decrease, has made the weather briefing services in some areas unacceptable. Since some 40 percent of general aviation fatal accidents are weather related, we cannot allow the modernization of Flight Service Stations to be delayed.

The FAA's replan of the Advanced Automation Program (AAP) significantly reduces the technology risk of the AAP. The AAP is the real "heart" of the NAS Plan, because it is here that most of



the benefits accrue. The AAP should proceed as replanned by the FAA and this committee.

We are also concerned that although aircraft operators have been directed to equip with more Mode-C altitude encoding transponders, a move which GAMA endorses, the FAA has been extremely slow to upgrade its enroute and terminal equipment to take advantage of the increased information Mode-C provides. We urge this Committee to insist on prompt FAA action in this regard.

Currently, an enroute controller gets automatic conflict-alerts only when two IFR aircraft have a potential conflict. In only a few centers or terminal areas will the controller get an automatic alert if a VFR, Mode-C equipped aircraft conflicts with an IFR aircraft. In most centers, potential conflicts between VFR, Mode-C equipped aircraft and IFR aircraft are resolved only if the controller has time, and happens to see the VFR Mode-C equipped aircraft.

Those centers that do have automatic, VFR Mode-C conflict alert today will lose the capability when the new host computer is installed. It will not be restored until the first software upgrade for the host computer is completed.

We believe the FAA must upgrade all enroute centers with automatic, Mode-C VFR conflict alert functions, and that the host computers must have this capability when installed. We also

believe that the FAA should upgrade terminal areas with automatic, Mode-C VFR conflict alert functions.

#### Research and Development (R&D)

The Administration's request for \$150 million in R&D funds is inadequate. We believe that additional funds should be specifically designated for research into airport capacity improvements. In some cases, such as reduced traffic separation for parallel or converging runways, significant airport capacity improvements are feasible, but research and development of new radar sensors is needed to ensure these operations are safe. A level of at least \$200 million is needed.

Some argue that R&D funds can be held at low levels because the R&D for the NASP has been accomplished to a major degree. This argument ignores the impact of rapidly changing technologies in all phases of aviation, and especially in the areas of navigation, communications, and surveillance. R&D funding should be sufficient to encourage testing and adaptation of satellite technologies so that eventual smooth transitions can be made to newer and better methods of providing airway services.

#### Operations and Maintenance (O&M)

The Administration's proposal to fund 85 percent of the total airway budget from the Trust Fund is unreasonably high. The Trust Fund was originally established to meet the capital needs

of our Airport/Airway System first and foremost. User fees or taxes were imposed to provide the necessary, dedicated revenues. The understanding was that any surpluses left over from capital programs could be used to fund O&M -- not the reverse. The implication in the Administration's request is that the users derive 85 percent of the system's benefits and, hence, should pay that amount -- without regard to capital needs. This attempt to get aviation users to pay such a huge percentage of airway costs, which serve the common good, must be recognized for what it is: a ploy to divert dedicated revenues to offset the growing budget deficit.

#### Aircraft Certification

An area of great concern to us is the proposed staffing cut of 70 persons, 10 percent of the current work force, from the aircraft certification activity. This activity is already strained in its effort to produce the airworthiness standards and acceptable means of compliance necessary to meet the current, very low level of new aircraft certifications. When (and we believe it is only a matter of time) aircraft certification activity increases, the rule changes and compliance procedures extracted from the October 1984 review and many other independent efforts must be in the rules book. With today's limited staffing, inadequate training and cumbersome coordination process, only one small but important area (covering occupant protection) of five major ones proposed to and by the FAA in 1983 and discussed in 1984 ( at an

internationally attended meeting) has been published as a proposed rule. The bulk of the 1984 airworthiness review has not yet been published even as proposed rules. The staff cuts will further delay this final relemaking, which is expected to take place in Fiscal 1988, and all other ongoing rule and advisory efforts. While safety may not be measurably lowered if these cuts occur, identified safety improvements cannot be made.

#### Airway Science Program

This program within colleges and universities has achieved positive results in a relatively short period of time. It would be a mistake to stop funding this program. Adequate training is a vital part of the NAS Plan and the entire operation of the air traffic control system. We would urge you to fund this program at least at the current level of 10 million dollars.

AIR TRAFFIC CONTROL ASSOCIATION, INC.

#### STATEMENT OF SUZETTE MATTHEWS, GENERAL COUNSEL

Senator LAUTENBERG. Ms. Matthew, last but not least. We are very interested in what you have to say. Please present your testimony.

Ms. MATTHEWS. Thank you, Mr. Chairman.

The Air Traffic Control Association is a professional association of 30 years' standing which has as its goal advancements in the science and profession of air traffic control and aviation safety. ATCA appears before you today to provide its views on the administration's proposed fiscal 1988 budget for FAA.

The Air Traffic Control Association urges Congress to renew its commitment to modernization of our National Airspace System as a critical national priority. There is no question that FAA's NAS Plan is needed. Commercial and general aviation traffic grows daily. Our controller work force is performing a more and more taxing job with an aging, overworked, largely manual system which cannot meet the demands of today's air transportation marketplace. There is no alternative to modernization.

The NAS Plan is technically sound and appropriate to address the current and future needs of airspace users. It provides for necessary upgrades of aging and increasingly obsolescent equipment, and addresses future capacity requirements through automation. The inevitable setbacks and delays which attend development of custom-made technology do not detract from the appropriateness of this approach.

ATCA's views on the administration's reauthorization proposal are submitted in full in its prepared statement. However, let me highlight two reauthorization issues of particular concern to this subcommittee.

First, ATCA recommends the following authorization levels for FAA capital improvement and airport improvement programs over the next 5 years. For FAA facilities and equipment, ATC recommends \$1.6 billion in fiscal years 1988 and 1989; \$1.5 billion in fiscal year 1990; and \$1.4 billion in fiscal years 1991 and 1992.

For FAA research, engineering and development, ATCA recommends authorization of at least \$200 to \$225 million per year for the next 5 years.

For the Airports Improvement Program, authorization of at least \$1.8 billion per year in fiscal years 1988 to 1993 is necessary.

Second, ATCA recommends that the airport and airways reauthorization legislation include a provision such as that contained in H.R. 8 or S. 784 removing the airport and airway trust fund from the Unified Federal Budget. Moving the trust fund off budget would encourage spending by eliminating the incentive to let trust fund balances mount up in order to artificially diminish the appearance of the federal deficit.

The administration's fiscal 1988 budget request for FAA, although increased significantly over fiscal 1987 appropriations, is still insufficient to meet operational and capital improvement needs. The administration's proposal plans a reduction of 185 positions, 93 full-time equivalents, and \$3.2 million in flight service, and 84 airways facility maintenance full-time positions. FAA expects that these reductions in personnel resources will be compensated by efficiencies being realized in FAA consolidation and automation and maintenance contracting out. The more prudent, near-term course may be retention of needed personnel until the results of both initiatives are more fully realized and evaluated.

The administration's request for \$1.35 billion in fiscal 1988 for facilities and equipment is not in keeping with FAA's 1986 revised projection that it would need at least \$1.6 billion in fiscal 1988 and 1989 in order to keep the NAS Plan implementation on schedule.

The administration's fiscal year 1988 budget request of \$150 million for FAA research, engineering and development should be increased significantly to at least \$200 to \$225 million to assure continued fast-track development of ATC automation which can enhance system capacity.

The administration's proposal of \$1.017 billion in fiscal year 1988 funding for the Airports Improvement Program should be increased to at least \$1.8 billion. Airport congestion promises to be tomorrow's capacity crisis which must be addressed with adequate resources today.



And as a final note, we note that the administration proposes to reduce 38 positions and 38 full-time equivalents in the Airports Office to reflect decreased workload which is expected as a result of the administration's proposal to allow airports to defederalize. For reasons discussed more fully in our prepared statement, ATCA strongly recommends that this funding and those positions be restored in fiscal 1988 whether or not Congress approves voluntary defederalization.

Thank you.

[The statement follows:]

## STATEMENT OF SUZETTE MATTHEWS

Mr. Chairman and Members of the Subcommittee, I am Suzette Matthews, General Counsel of the Air Traffic Control Association, Inc. ATCA is a professional association of thirty-years standing which has as its goal advancements in the science and profession of air traffic control and aviation safety. ATCA's membership consists of air traffic controllers, air traffic and flight service specialists, airways facilities technicians, pilots, and other persons, corporations, and organizations engaged in development, production, operation, maintenance, and use of our National Airspace System.

ATCA appears before you today to provide its insight and views on the process and progress of National Airspace System modernization, and the effects that the President's proposed Fiscal Year 1988 budget request for the Federal Aviation Administration will have on timely completion of the NAS modernization plan, and operations of the air traffic control system. ATCA also will provide its views on S. 586, the Administration's proposal for reauthorization of the Nation's airport and airways programs.

NAS PLAN AS A CRITICAL NATIONAL PRIORITY

The Air Traffic Control Association urges Congress to renew its commitment to modernization of our National Airspace System as a critical national priority.

During the next decade, we will experience spiraling demands upon the national air traffic control system. FAA forecasts that between 1986 and 1988, operations at towered airports will increase from 58.9 million to 79.2 million, or 34.4%. FAA forecasts activity at ATC centers to increase from 34.1 million aircraft handled in 1986 to 45.4 million in 1998, an increase of 33%. Flight services rendered are forecast to increase from 50 million in 1985, to 55.1 million in 1998, an increase of 10.2%. See "FAA Aviation Forecasts, Fiscal Years 1987-1998," Report FAA-APO-87-1, February 1987, pp. 94-97.

This rapidly increasing level of air traffic is being accommodated by air traffic control procedures and equipment developed in an evolutionary process over the past forty years. The resulting system, although the safest and most advanced in the world today, was not designed to meet the traffic demands placed upon it today, much less that forecast for the future. Today's equipment is an aging mixture of varying technological generations. The system is expensive to operate and maintain; its expansion capability and adaptability to changing requirements is limited; it does not exploit the potentials of automation, which improves productivity and economy.

Impending expiration of the Airport and Airway Improvement Act of 1982 and deliberations on the Fiscal 1988 budget for FAA present a timely opportunity to reaffirm and renew our national commitment to modernization of our

Nation's aging air traffic control system. Daily NAS Plan initiatives are being subjected to analysis and dissection which have the inevitable, and unfortunate effect of generating an unwarranted crisis of confidence.

There is no question that the NAS Plan is needed. Commercial and general aviation traffic grows daily, and exponentially. Delays plague our air traffic control system, particularly at peak hours at our busiest airports and in bad weather. Our controller workforce is performing a more and more taxing job with an aging, overworked, largely manual system which cannot meet the demands of today's air transportation market place. There is no alternative to modernization.

The NAS Plan is technically sound and appropriate to address the current and future needs of airspace users. It provides for necessary upgrades of aging and increasingly obsolescent equipment, and addresses future capacity requirements through automation. The inevitable setbacks and delays which attend development of custom-made technology do not detract from the appropriateness of the approach.

ATCA urges Congress to renew and reaffirm its commitment to modernization of our Nation's airport and airways system through (1) reauthorization legislation of five-years duration, containing funding authorization levels adequate for FAA to proceed with NAS implementation as rapidly as technology will permit, and (2) appropriations in FY 88 sufficient to meet FAA's needs. Decisive action in this regard will give to the traveling public, including direct users of the ATC system, a clear message that our Government is committed to meeting its air transportation needs safely, efficiently and economically.

#### ATCA VIEWS ON REAUTHORIZATION

With respect to the Administration's reauthorization proposal (S.586), the "Airport and Airway Enhancement Act of 1987", ATCA submits the following:

- o ATCA urges members of the Subcommittee to recommend legislation of five years duration, rather than the two-year bill proposed by the Department of Transportation. Long-range financial planning is essential for grant applicants in the Airport Improvement Program, to keep NAS Plan projects proceeding on schedule, and to attract and maintain the best of industry's support and participation. If adjustments to any programs become necessary, either as a result of experience or in response to recommendations of the newly-appointed Aviation Safety Commission, Congress can amend the reauthorizing legislation.

- o ATCA recommends the following authorization levels for FAA capital improvement and airport improvement programs over the next five years:

- For FAA Facilities and Equipment, ATCA recommends \$1.6 billion in Fiscal Years 1988 and 1989; \$1.5 billion in FY 90; and \$1.4 billion in FY 91 and 92. These amounts are in keeping with FAA's own 1986 revised projections of financial need, in order to keep the NAS Plan on schedule. In particular, ATCA urges Congress to authorize and appropriate sufficient funding to permit FAA to return to full-funding of those essential projects, including NEXRAD, which have been forced into year-by-year appropriations.
- For FAA Research, Engineering and Development, ATCA recommends authorization at least \$200-225 million per year for the next five years. This is the minimum amount required for consistent NAS planning, and to assure timely availability of products necessary to maximize productivity associated with completion of the NAS Plan. Generally speaking, RE&D funding is allocated approximately 40% to projects which directly support the NAS Plan; 12% to regulation and safety improvements; 5% to necessary improvements to NAS systems over time ("sustaining engineering"); 40% to NAS Plan enhancements, eg. AERA 3 and the Advanced Traffic Management System; and 3% to advanced concepts, eg. satellite technology and study/analysis. Since the first three categories of RE&D functions are critical to daily operations and NAS Plan progress, any substantial reduction in RE&D funding will cause interruption in research and development of NAS Plan enhancements. These funds, however, are particularly critical, because they pay for precisely those technological developments which have the greatest capability to increase capacity in the ATC system. ATCA endorses the joint view of the Airport Operators Council International/American Association of Airport Executives that \$25 million of the \$200-225 million recommended for RE&D be earmarked for airport capacity research and development.
- For the Airports Improvement Program, authorization of at least \$1.8 billion per year in FY 88-93. With over \$24 billion of AIP-eligible projects identified in the National Plan of Integrated Airports Systems ("NPIAS") for the period 1986-1995, and more than \$3 billion in unfunded grant applications outstanding, it is clear that opportunities for improvements to the NAS are going unrealized at current -- and proposed --

funding levels of \$1 billion per year. ATCA therefore endorses the AIP funding level being recommended jointly by the American Association of Airport Executives/Airport Operators Council International.

- o ATCA recommends that the airport and airways reauthorization legislation include a provision such as that contained in H.R. 8 or S. 784, removing the Airport and Airway Trust Fund off the Unified Federal Budget. Although funding for FAA capital improvement programs and projects will continue to be subject to Congressional oversight in the annual appropriations process, moving the Trust Fund off budget would encourage spending by eliminating the incentive to let Trust Fund balances mount up in order to artificially diminish the appearance of the federal deficit.

- o ATCA recommends that the airport and airways reauthorization legislation retain the "penalty clause" in current law, which diminishes the allowable Trust Fund contribution to FAA's operations account if Trust Fund expenditures for capital improvements fall below authorized levels. Low level appropriations to FAA capital improvement accounts during the past five years -- to the point of forcing FAA to remove some projects from full-funding -- clearly indicate that some mechanism is required to encourage spending from the Trust Fund. To ATCA's knowledge no more effective device than the current one has been suggested. Moreover, it is far from clear that the current system has been ineffective. It is possible that even fewer Trust Fund dollars would have been appropriated for capital improvements over the past five years, had the penalty clause not existed.

- o ATCA does not, on the other hand, recommend adoption of a trigger mechanism to suspend collection of ticket/waybill and fuel taxes when Trust Fund balances exceed a specified level. A trigger mechanism would not necessarily encourage capital improvement expenditures, and if activated, could have the disastrous consequence of causing a deficit in the Fund in the year subsequent. This could result in a drastic delay, or even interruption in FAA capital improvement projects -- a result to be avoided at all costs.

- o ATCA opposes that aspect of the Administration's proposal which would increase the permissible percentage of total FAA expenditures which could be recovered from the Trust Fund to eighty-five (85) percent. This percentage is based upon the assumption that direct users of the NAS should pay all costs of the system except for the fifteen (15) percent directly attributable to military and public aircraft usage. Such reasoning presumes that direct users are the sole beneficiaries of our National Air-



space System. The entire American population, however -- even those individuals who never actually themselves fly or ship by air -- desire and benefit from availability of the National Airspace System to accommodate their needs. Certainly the general fund should continue to contribute substantially toward maintenance and improvement of the airways which are so essential to the commerce, defense and general welfare of our society as a whole.

- o With regard to the Airport Improvement Program, ATCA respectfully urges Congress to elaborate somewhat upon the Administration's salutary proposal to formulate an airport report on "operating characteristics and future needs of the national system of airports." Although obvious planning benefits can be derived from a well documented report setting performance specifications for the NAS, care must be taken that the report not become an opportunity to eviscerate the compendium of those airport improvement opportunities now in the National Plan of Integrated Airport Systems ("NPIAS"). ATCA therefore recommends that, if Congress decides to adopt the Department's proposal, the reauthorization legislation specify that those projects already identified in the NPIAS be included in, and form a basis for, the report.

- o ATCA does not favor that aspect of the Administration's reauthorization proposal which proposes voluntary defederalization of airports -- that is, voluntary withdrawal from eligibility for airport improvement grant funds in exchange for the opportunity to impose a "passenger facility charge" upon those using the airport. The integrated coast-to-coast network of airports and airways which exists today facilitates efficiency through federal planning and coordination of airport improvement resources, and convenience for the passenger through national uniformity in airline ticketing and interlining. ATCA fears that voluntary defederalization jeopardizes and detracts from our common goal of maintaining and enhancing the National air transport system, by opening the door to Balkanization. Moreover, although the Administration's proposal to permit airport sponsors to withdraw from the federal grant program would not relieve airlines, passengers and shippers using that facility from payment of those ticket/waybill and aircraft fuel taxes which fund the Airport and Airway Trust Fund, ATCA fears that exemption from federal user fees eventually will be requested by those airports which do defederalize. Since the Trust Fund pays for capital improvements to the NAS, users operating through a defederalized airport rightfully should continue to contribute to the Trust Fund.

o The Administration's proposal to permit the states to administer block grants of AIP funds gives due recognition to the capability and willingness of many states to assume an active role with FAA in support of aviation programs. For the reasons stated earlier in connection with defederalization, however, ATCA does not support state block grants of AIP funding. ATCA believes that airport planning on the federal level best promotes efficiency and economy in the National air transport system.

#### FUNDING FOR FAA IN FISCAL YEAR 1988

The Administration's FY 88 budget request for FAA, although increased significantly over FY 87 appropriations, is still insufficient to meet FAA's operational and capital improvement needs.

For example, although FAA has requested \$3.2 billion for Operations in FY 88 (an increase of \$437 million over FY 87), this amount still reflects reductions in force and other economies which ATCA believes will have significant adverse effects on operation of the air traffic control system. Although the amount requested includes funding for additional controllers, safety inspectors and security personnel, the Administration's proposal plans a reduction of 185 positions, 93 full-time equivalents, and \$3.2 million in flight service. And although the number of ATC facilities in 1988 is projected to increase from approximately 22,083 to 22,813 between 1987 and 1988, the Administration plans a decrease of 84 airways facility maintenance full-time positions. FAA expects that reductions in personnel resources to FSS in FY 88 are possible through efficiencies being realized in FSS consolidation and automation; increased ATC maintenance workloads will be accommodated through contracting out. ATCA suggests that the more prudent near-term course may be retention of needed personnel until the results of both initiatives are more fully realized and evaluated.

The Administration's request for \$1.35 billion in FY 88 for Facilities and Equipment is not in keeping with FAA's 1986-revised projection that it would need at least \$1.6 billion in FY 88 and 89 in order to keep NAS Plan implementation on schedule. Up until this year FAA has been able to accommodate reduced F&E funding (over \$1 billion below authorized levels) largely because many NASP projects were still in developmental stages. Last year, FAA was able to accommodate a funding shortfall without significant program delay by reprogramming funds and removing three projects (including NEXRAD) off-full funding. As we approach FY 88, all available flexibility has been removed from the Plan. With the development stage of much NAS technology behind us, funding shortfalls must delay procurement and implementation of equipment which could be contributing toward increasing reliability and capacity of the ATC system. It appears, in fact, that the current NASP schedule already reflects implementation

"slippages" -- ie. partial buys, and postponement of some contract awards into subsequent years -- which would not exist were additional funding made available. ATCA therefore recommends \$1.6 billion in appropriations for FAA Facilities and Equipment in FY 88, to help assure a NASP implementation schedule which is as rapid as technically feasible.

ATCA recommends that the Administration's FY 88 Budget request of \$150 million for FAA Research, Engineering and Development be increased significantly to at least \$200-225 million. Although we will be realizing some immediate benefits -- ie. increased equipment reliability and some capacity enhancement -- from NASP improvements (eg. the Host computer) being implemented today, truly substantial economies and capacity increases will be obtained only through realization of the full potential of the Advanced Automation System. Specifically, new computer software to be developed will automate air traffic control functions being performed manually by controllers today ("AERA 3"), and will regulate and enhance traffic flow so as to permit aircraft to fly preferred, more fuel-efficient and direct routings ("Advanced Traffic Management System"). Although FAA is committed to proceeding with all possible speed with completion of the initial design phase of AAS, development of these essential components of AAS are likely candidates for significant deferral unless RE&D funding levels are increased substantially above the amount the Administration has recommended for FY 88. It is essential that we invest today in fast-track development of advanced automation technologies, so that they will be available for timely deployment when the AAS, including new controller workstations ("Sector Suites") come on line, now scheduled for 1993.

ATCA recommends that the Administration's proposal of \$1.017 billion in FY 88 funding for the Airports Improvement Program be increased to at least \$1.8 billion. While progress is well underway in modernizing and automating our Nation's air traffic control system to meet tomorrow's traffic demands, airport congestion promises to be tomorrow's capacity crisis. With \$24 billion in AIP-eligible projects already identified in the NPIAS, it is clear that the pace of improvement in our Nation's system of airports could, and must, be significantly accelerated. In order for the benefits of NAS Plan improvements to be fully realized, groundside capacity must keep pace with the growing capability of our ATC system to accommodate more aircraft. It should also be noted that the Administration's FY 88 budget proposal reduces Operations account funding for administration of the Airports Program by \$1.4 million, 38 positions and 38 FTE's to reflect decreased workload which is expected as a result of the Administration's proposal to allow airports to defederalize. ATCA strongly recommends that this funding and those positions be restored in FY 88, whether or not Congress approves voluntary

defederalization. If defederalization is not approved, these resources will continue to be vital to timely processing of grant applications. Even if defederalization is permitted, no reduction in force should be made until FAA gains some experience with how many airports actually do elect to defederalize, and analyses how this affects the Airports office workload.

#### CONCLUSION

In conclusion, while supporting the goal of federal deficit reduction, ATCA urges Congress to make sufficient funding for FAA Operations and the NAS Plan a special National priority.

Congress and the users of our National Airspace System expressed their desire for NAS modernization in the cooperative venture embodied in the Airport and Airway Improvement Act of 1982, and the users demonstrated their willingness to pay for those improvements through the higher user taxes which fund the Aviation Trust Fund. As we prepare to renew that commitment this year through the reauthorization process, aviation users have again, without exception, expressed their willingness to extend the current user fee schedule in order to support NAS improvements.

More and more, the public is selecting commercial air transport as its preferred means of travel. Americans are concerned about safety and efficiency in air transportation; they support Federal programs designed to improve our air transport system; and we believe they want taxes spent today for those purposes. ATCA urges Congress to make the FAA and the NAS Plan a National funding priority in FY 88.

Thank you for the opportunity to express these views.

#### CLOSING REMARKS

Senator LAUTENBERG. Thank you, all of you. Very good testimony, very important.

I think the chairman informed me we will work very aggressively toward an adequate funding program for aviation needs, whatever form that takes. And it sure does include better planning than buying computers and having them stuck in the warehouse in Dallas waiting to be integrated into a system that has to be a fully compatible system throughout the country for everything from the arrival and departures, in-flight services, et cetera, et cetera. And it is pitiful to see us spending money at a pace not fast enough to stay abreast of our needs and to permit us to operate as we need with current facilities available.

We are going to keep on questioning on this. I can assure you that FAA has a friend in me, but they also have someone who is going to push as hard as possible to make sure they step up to taking care of the system that is so critical. Aviation has, perhaps more almost than anything else, helped build this country's economy. We are going to keep it going. It is so important in New Jersey. Since the development at

Newark Airport, I mean, things have just turned around and really expanded. I am not saying that the only reason was Newark Airport. I was a commissioner of the port authority of New Jersey and New York before I came here. So, I had direct involvement in airports and aviation services.

#### CONCLUSION OF HEARINGS

Thank you all. That concludes the testimony for 1988 funding for transportation. We are going to be adjourning, subject to the call of the chairman. We have completed 19 days of hearings. We did better with all the delays and all the false starts than we get occasionally at Newark Airport, O'Hare, Atlanta, and various others, sometimes even at Teterboro. Thank you.

[Whereupon, at 1:44 p.m., Thursday, May 14, the hearings were concluded and the subcommittee was recessed to reconvene at the call of the Chair.]



## LIST OF WITNESSES, COMMUNICATIONS, AND PREPARED STATEMENTS

|                                                                                                                                                                                 | Page |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------|
| Aaronson, Robert J., director of aviation, Port Authority of New York and New Jersey, and first vice chairman, Airport Operators Council International, prepared statement..... | 55   |
| Alario, John A., Jr., Speaker of the Louisiana House of Representatives, letter from .....                                                                                      | 185  |
| Benson, George, council member, Municipality of Metropolitan Seattle, statement of..                                                                                            | 218  |
| Prepared statement.....                                                                                                                                                         | 221  |
| Berry, William B. professor of electrical engineering, manager, Cold Weather Technology Program, University of Notre Dame, statement of.....                                    | 254  |
| Letter from.....                                                                                                                                                                | 256  |
| Prepared statement.....                                                                                                                                                         | 258  |
| Bond, Hon. Christopher S., U.S. Senator from Missouri, statement of.....                                                                                                        | 3    |
| Prepared statement.....                                                                                                                                                         | 4    |
| Bowen, Robert, State Representative, State of Colorado, prepared statement.....                                                                                                 | 9    |
| Bowers, John, C-470 Inter-Chamber Task Force, prepared statement.....                                                                                                           | 11   |
| Brown, Robert J., president, Suburban Transfer Service, Inc., on behalf of the American Trucking Associations, prepared statement .....                                         | 108  |
| Brown, Virgil, board of directors, Northeast Ohio Area-wide Coordinating Agency, statement of.....                                                                              | 138  |
| Prepared statement.....                                                                                                                                                         | 139  |
| Buzard, Robert S., president, ElectroCom Automation, Inc., Arlington, TX, prepared statement .....                                                                              | 266  |
| Capon, Ross, executive director, National Association of Railroad Passengers, statement of.....                                                                                 | 278  |
| Prepared statement.....                                                                                                                                                         | 280  |
| Clark, Walter H., chairman, Chicago Transit Authority, statement of.....                                                                                                        | 224  |
| Prepared statement.....                                                                                                                                                         | 226  |
| Cooke, Robert A., vice president, operations, National Business Aircraft Association, Inc., prepared statement .....                                                            | 77   |
| Cranston, Hon. Alan, U.S. Senator from California, statement of.....                                                                                                            | 191  |
| Prepared statement.....                                                                                                                                                         | 195  |
| Danforth, Hon. John C., U.S. Senator from Missouri, statement of.....                                                                                                           | 2    |
| Dinges, David F., Ph.D., Association of Professional Sleep Societies, statement of .....                                                                                        | 308  |
| Prepared statement.....                                                                                                                                                         | 311  |
| Druhan, William T., American Association of State and Highway Transportation Officials, statement of.....                                                                       | 316  |
| Prepared statement.....                                                                                                                                                         | 318  |
| Dyer, Michael, Atlantic Emergency Medical Services Council, statement of.....                                                                                                   | 302  |
| Edwards, Hon. Edwin W., Governor of Louisiana, letter from.....                                                                                                                 | 178  |
| Engen, Donald D., Administrator, Federal Aviation Administration, letter from....                                                                                               | 92   |
| Exon, Hon. J. James, U.S. Senator from Nebraska, statement of.....                                                                                                              | 153  |
| Prepared statement.....                                                                                                                                                         | 155  |

|                                                                                                                                                                   | Page |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------|------|
| Fittante, Steve, National Association for Transportation Alternatives.....                                                                                        | 244  |
| Fitzgerald, Dennis J., American Public Transit Association .....                                                                                                  | 324  |
| Flint, James F., legislative committee vice chairman, Transportation Lawyers Association, prepared statement.....                                                 | 118  |
| Fowler, Hon. Wyche, Jr., U.S. Senator from Georgia, prepared statement.....                                                                                       | 14   |
| Garber, Constance, National Association for Transportation Alternatives, statement of.....                                                                        | 244  |
| Prepared statement.....                                                                                                                                           | 247  |
| George, Father William L., S.J., assistant to the president of Georgetown University for federal relations, statement of.....                                     | 269  |
| Prepared statement.....                                                                                                                                           | 271  |
| Glenn, Hon. John, U.S. Senator from Ohio, statement of.....                                                                                                       | 136  |
| Prepared statement.....                                                                                                                                           | 137  |
| Griffin, Richard B., Jr., committee on passenger transportation, Railway Progress Institute, statement of.....                                                    | 285  |
| Prepared statement.....                                                                                                                                           | 287  |
| Hall, Jan, president, board of directors, Southern California Rapid Transit District, prepared statement.....                                                     | 205  |
| Hankett, Richard, deputy commissioner, Chicago Department of Public Works, statement of.....                                                                      | 225  |
| Hart, Thomas, mayor, city of Davenport, IA, statement of.....                                                                                                     | 167  |
| Prepared statement.....                                                                                                                                           | 170  |
| Henry, Bruce B., president and executive director, National Association of Air Traffic Specialists, prepared statement.....                                       | 84   |
| Hogrefe, Raymond, director, Nebraska Department of Roads, statement of.....                                                                                       | 163  |
| Prepared statement.....                                                                                                                                           | 165  |
| Holen, Margin L., chairman, Metro Rail Committee, statement of.....                                                                                               | 211  |
| Hoover, William, executive vice president, operations and safety, Air Transport Association, statement of.....                                                    | 368  |
| Prepared statement.....                                                                                                                                           | 371  |
| Hultman, Maj. Gen. Evan L., AUS (retired), executive director, Reserve Officers Association of the United States, prepared statement.....                         | 94   |
| Jefferson Parish Council, resolution from.....                                                                                                                    | 187  |
| Kahle, Keith H., advisor to the president, ElectroCom Automation, Inc., Arlington, TX, statement of.....                                                          | 255  |
| Prepared statement.....                                                                                                                                           | 266  |
| Kahn, Doris, chair, San Francisco Metropolitan Transportation Commission, statement of.....                                                                       | 212  |
| Prepared statement.....                                                                                                                                           | 214  |
| Karas, Paul A., Chicago Department of Public Works, prepared statement.....                                                                                       | 226  |
| Karnes, Hon. David, U.S. Senator from Nebraska, statement of.....                                                                                                 | 156  |
| Prepared statement.....                                                                                                                                           | 159  |
| Lema, Joseph E., vice president for transportation, National Coal Association, prepared statement.....                                                            | 124  |
| Licate, Jack, Greater Cleveland Growth Association, statement of.....                                                                                             | 144  |
| Lutz, James J., vice president, urban systems, Pennsylvania Association of Municipal Transportation Authorities, statement of.....                                | 238  |
| Prepared statement.....                                                                                                                                           | 240  |
| MARTA Fiscal Year 1988 Federal Funding Requirement.....                                                                                                           | 17   |
| Matthews, Suzette, general counsel, Air Traffic Control Association, Inc., statement of.....                                                                      | 400  |
| Prepared statement.....                                                                                                                                           | 403  |
| McKinney, Sgt. Maj. C.A., USMC (retired), legislative counsel, the Non Commissioned Officers Association of the United States of America, prepared statement..... | 104  |

|                                                                                                                                       | Page |
|---------------------------------------------------------------------------------------------------------------------------------------|------|
| Mednick, Marcia, commissioner, Los Angeles County Transportation Commission, prepared statement.....                                  | 202  |
| Metzenbaum, Hon. Howard, U.S. Senator from Ohio, statement of.....                                                                    | 150  |
| Prepared statement.....                                                                                                               | 152  |
| Neese, Jeanne E., manager, government relations, Southeastern Pennsylvania Transportation Authority, statement of.....                | 231  |
| Prepared statement.....                                                                                                               | 233  |
| New Orleans City Council, resolution from.....                                                                                        | 188  |
| Nunez, Samuel B., Jr., President of the Louisiana Senate, letter from.....                                                            | 186  |
| Olson, Walter T., director, Build Up Greater Cleveland, prepared statement.....                                                       | 146  |
| Paulson, Jerome, M.D., F.A.A.P., American Academy of Pediatrics, statement of..                                                       | 292  |
| Prepared statement.....                                                                                                               | 294  |
| Pizzi, Charles P., director of commerce, city of Philadelphia, prepared statement...                                                  | 46   |
| Porterie, Louis B., counsel, Louisiana Mississippi River Bridge Authority.....                                                        | 172  |
| Premo, Jerome C., vice president, government affairs, American Public Transit Association, statement of.....                          | 324  |
| Prepared statement.....                                                                                                               | 327  |
| President's budget for fiscal year 1988, a review of.....                                                                             | 32   |
| Primas, Hon. Melvin R., Jr., mayor, Camden, NJ, on behalf of the United States Conference of Mayors, prepared statement.....          | 26   |
| Robinson, Claude G., American Public Transit Association.....                                                                         | 324  |
| Sciulla, Michael, vice president, Boat Owners Association of the United States, statement of.....                                     | 357  |
| Prepared statement.....                                                                                                               | 359  |
| Sheehan, John J., senior vice president, government and technical affairs, Aircraft Owners and Pilots Association, statement of.....  | 380  |
| Prepared statement.....                                                                                                               | 382  |
| Short, Thomas, executive director, Louisiana Mississippi River Bridge Authority, statement of.....                                    | 172  |
| Prepared statement.....                                                                                                               | 176  |
| Snyder, Jim, chairman, legislative committee, Railroad Labor Executives' Association, statement of.....                               | 272  |
| Prepared statement.....                                                                                                               | 274  |
| Sterman, Les, executive director, East-West Gateway Coordinating Council.....                                                         | 2    |
| Stewart, George W., Jr., chairman, legislative committee, National Association of State Boating Law Administrators, statement of..... | 362  |
| Prepared statement.....                                                                                                               | 365  |
| Stimpson, Edward W., president, General Aviation Manufacturers Association, statement of.....                                         | 390  |
| Prepared statement.....                                                                                                               | 392  |
| Teret, Stephen P., J.D., M.P.H., American Public Health Association, statement of.....                                                | 295  |
| Prepared statement.....                                                                                                               | 298  |
| Teter, Harry, Jr., on behalf of the Atlantic Emergency Medical Services Council, prepared statement.....                              | 305  |
| White, Christopher, economics advisor, National Democratic Policy Committee, prepared statement.....                                  | 129  |
| Wiggins, Jerry, vice chair, Alameda-Contra Costa Transit District, statement of....                                                   | 212  |
| Prepared statement.....                                                                                                               | 214  |
| Wilson, Hon. Pete, U.S. Senator from California, prepared statement.....                                                              | 199  |
| Wirth, Hon. Timothy E., U.S. Senator from Colorado, prepared statement.....                                                           | 7    |
| Wolf, Hon. Frank R., U.S. Representative from Virginia, prepared statement.....                                                       | 24   |